

How To Invest In Health Sectors



In
IRAQ

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INVESTEMENT IN THE HEALTH SECTORS IN IRAQ

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Introduction

Iraq has been liberated from the holds of totalitarian regimes, which is responsible for the miserable conditions in the country. This regime was Saddam Husain's, which began in 1968. In the time of regimes, which we could describe as dictatorial, mix with the concentration on person that have preloaded the Baath regime in 1968, such as the regimes of Abdulkareem Kassem, Abdul Salam Arif, and Abdul Rahman Arif ⁽¹⁾, which do not differ in their character and shape from the Baath regime, except in form of ruthlessness, the dictatorial governments was formed in a unique way in dictatorships in the world.

Those dictatorships began after the end of the second World War and during the Cold War between Soviet Union and the Socialist Camp and the Western and Capitalist Camp.

Some may have thought that the Baath Regime was the result of a stage of the struggle for the control of Iraq's resources and wealth, and that the Baath was party that came to achieve a certain agenda and fill some of those stages of control, be it external or internal, which this belief was not an imaginary word, it contains some truth , and was a knowledge that this belief is entirely wrong.

Some people may prefer to judge that periods of time, as such, all regimes or governments since the fall of monarchy in 1958

¹ . Those three names are ruling the country from June 1958 till June 1968

were governments serving foreign agenda entirely. In spite of our rejection to the correction of this point of view we say, as mentioned at the beginning, it has some truth but we cannot credit it with the whole truth.

Iraq in reality was during the history of conflict of controlling Iraq. It is a clear idea that such a country with a huge resources wouldn't be staying a way of conflict and wars between the neighboring States.

Historically Iraq used to be called the "Land of Blackness" ⁽¹⁾ because of the density of agriculture the richness of its soil and the plainfulness of its water but this was not the only reason for the conflict as there were religious motives for the tendency to control Iraq, such as the Turkish-Iranian Conflict during the 18th century. This was also the case, it went far into history, where we discover that this matter had always been the aim of people and rulers ⁽¹⁾.

We can say in this context that it is impossible to repeat this bitter historical experience that Iraq had live during more than 14 centuries with other countries in the region. The same apply to the kind of harshness and blood which was practice against the Iraqi people during a long period of time in the history of what it was called the New Iraq. It was assumed that in the Province of Mosul ⁽¹⁾ was to be part of Turkey, and the Province of Ahwaz ⁽¹⁾ was to be taken, in return, by Iran.

¹ . This name was given to Iraq since the 6th century when it was controlled by Persian empire

¹ . Iraq having a lot of berried bodies for many prophets such as Adam, Noah, Hood, Salih...etc.

¹ . A province located on the boarder between Northern three Kurdish

This was different from Syxpicot arrangement, which giving the Province of Mosul to Turkey, and the Province of Ahwaz to Iran. But circumstances saw to it that the map had changed and Iraq became as it is now. And over night, and during less that the last thirty years, the importance of this country became apparent in the balance of power and energy, which became one of the most important factor of stability in the world and in the Middle East, especially after the fall of the Eastern Block.

We had no choice, while talking about the present geography of Iraq and its present structure to return a little bit to the recent history, during which Saddam Hussain had governed Iraq since 17th July 1968. Then Iraq was transferred to a special reality unlike any other reality in the convention of the international politics.

In saying this, we noticed the capacity which this country possessed, at a time when the regime saw itself different, from the historical point of view, in the view of the world, especially after the emergence of globalization, the resorting to its capacity and energy and the depth of its oil resources and the hidden abilities which distinguish it.

This vision may perhaps have been the rational bases for the decision taken by the Western States, particularly, the United States. The necessity to remove the previous regime of the Baath. We also say this not from the logic of the previous

provinces and the rest of Arabic speaking People. Many of the political and army leaders are emerged from this province.

¹. The southern Arabic speaking province which belongs to Iran and located just on the other side of Shatt al Arab

rulers and their nationalism and understanding the future of Iraq, but from understanding the International environment which imposes itself on all the nations on earth, in participating in many of the resources and capacities that serve all the nations on the global.

I do not mean by "participation" the donation and so on, but I mean the international participation in the economic circle, government circle and the technological and social components.

The previous regime did not believe with international concept and the way of how nations can march, because of the Bedwen⁽¹⁾ mentality in the mind of decision-makers in Iraq and their unawareness of the error of obeying the rules of the tribe, family and city systems. Some of Iraqis or Arabs prefer to name this mistakenly, as heritage (Torath) in Arabic language. And this thought the previous rules, in particular Saddam and his entourage that Iraq was removed from the march of development in the government system, the forms of international cooperation, and the meeting of civilization. Immerging the former rulers also saw, wrongly and out fear of exposing the prevailing oppressive and dictatorial situation, as well as the backward administrative and democratic system exercised by them, in the area of human right principles with in Iraq, and the terrible policy oppression and the silencing of

¹ . The term "Bedwen" derives from a plural form of the Arabic word *badawī*, as it is pronounced in colloquial dialects. The Arabic term *badawī* (بدوي) which means "desert dweller" and derives from the word *bādiyah* (بادية), which means "plain" or "desert". The term "Bedouin" therefore means "those in *bādiyah*" or "those in the desert". Or socially those having a primitive thinking

opposing voices, which the regime considered more dangerous to it than to free economic situation.

However, the previous regime has omitted to appreciate the ruling of globalization, whose principles and ties are so related that they make any ruling as if it is one package in the treatment of international events. The service, which began as a concept, appeared then, as big links between economics, policy, governing system and technology, and other factors of the concept that the constitute a form of the nature of the government governing system.

The fear which then prevailed within that system was the exposure of the oppression of the freedoms and huge number of killing and the prison were run by the regime. The regime was also afraid of the exposure of the tragedy facing those Iraqis who had a different point of view to the form of governing and the administration of the State of Iraq.

The problem of the previous regime was the oppression and the oppression, and the fear from any word said or a statement made. The regime was preparing all the means to remove such words or statement through the harsh and barbaric iron fest, which enabled the world and the democratic States to feel the depth of the their weakness of stopping this barbaric regime – as it permitted by the concept of globalization-, which allowed such a regime to exercise such barbarism against its own people.

We may find that the concept of oppression still in use and exercise in some of the Arab States which have not yet fallen in

as it called (the Arab Spring), where these regimes very carefully and in a bright form, directed its the mass Media, with the spending of perhaps billions of dollars in order to prevent the real voice of the liberal nationalist of the country in question from reaching the borders and those centers of information and decision in the democratic States, especially in the United States where the voices of American politicians in Congress could be raised, as well as in the press, for a regime changing ⁽¹⁾

Saddam Hussain was such an example, but with a characteristic feature, in his dealing with opposition inside and outside Iraq. But the big difference, which Saddam Hussain and the Iraqi leadership did not appreciate at that time the importance and necessity of economic in gaining the popularity and government in mutual benefits, which make such States think a thousand times before getting involved in conflict with Iraq. Some Arab States, which are in the circling around the Arabic Spring have appreciated this importance. As mentioned earlier, Saddam's ruling of Iraq was characterized by the Bedouin mentality in his dealing with other people, government, opposing, economics and other aspect of life.

The change which occurred in April 2003 caused a sort of big shock in the region, the Arab people generally, and Iraq particularly, as many hidden concepts appeared which the people could not realize it, even in the world of dreams or in the stories of (One Thousand and One Night) ⁽¹⁾.

¹. At the time of the previous regime there are only two governmental owned TV stations broadcasting to the public

¹. One of the historical very old story talking about dreams of the rulers

Such a sudden change has left its huge marks not only on the level of Iraqi individual but also on the level of new rules, who were not ready mentally and politically to accommodate this new complicated era ⁽¹⁾.

It has also left a bitter and clear feeling in the society of the Arab people. The lack of links between the Arab mind and the march of human civilization and democracy in the West, as well as the market policy, led to the complication of the social life and Arab rulers in the region where they find a philosophy of the changes as it says: change must come within and from inside the country, and any change comes from external would be considered as a suicidal attempt.⁽¹⁾

While this philosophy may contain some truth, but certainly it is just word with an unjust end.

Any change at that time before April 2003 from within the Iraq situation, as well as the region, I believe, is something nearer to the impossible, bearing in mind that we have not seen any people or nation which has built its civilization or culture ruling entirely on its own resources, alone, especially if that nation happened to be one that is backward, from the point of view of culture and civilization.

It is my belief, in this context which I hope will not hurt the ability of nations, nor the resources of people, that the human knowledge is complimentary structure and it moves the

¹ . Mean the opposition group who are running the government at the moment

¹ . Most of Arab States are raising such a slogan, as part of their efforts of stopping the winds of changing the existing regimes

components of life like the wind, water and light and so on, on which the individual need inliving on it today.

Do not believe, dear reader that this concept is embarrassing to us the people of the Third World, but it may embarrasses the advances industrial States more, as it is one of their responsibility of extending the knowledge that they have to other nations whom they are in need of it in many fields ⁽¹⁾.

The Arab Spring, which we live in now, particularly the States which have entered it, willingly or unwillingly, were not closed to international investments, contrary as the case in Iraq. Those States in spite of their dictatorship they were having large investment projects, in partnership with the West, which made the mutual interests much nearer than was the case in Iraq before the big change.

The transfer process of the investment from the Socialist to the open market status in those countries will be much easier then what may happen in Iraq.

Iraq laws and constitution are based on bases, which contains a lot of difficulties in moving from the Socialist policy to the open market policy. The previous regime has adopted such laws and regulations that would enable it to control the resources of the country and its people, at a time when the Iraqi citizen was living on the crumbs of the State, not knowing whether that was one of the right of the rulers, or a denial of his right and resources, which he must obtained from the State.⁽¹⁾

¹ . That is the theme of the Globalization Philosophy

The Iraqi citizen thus remained, until the present time, believing definitely that his life is linked to the State, and the State is the only opening to achieve a comfortable economic position. Anything else may come, but it will not be a sure source that would enable the Iraqi citizen to continue living ⁽¹⁾.

The notion of dependence on the State has so influenced the thinking of many university graduates, besides the ordinary men and women that it has led to the delay in the promotion of the private sectors and trade in Iraq, as well as the great delay in what is happening in the other countries of the world.

The neglect of the private sector coincided with circumstances of the political conflict of the country, which were caused by many factors, but I believe that feeling of (Security) of the Iraq groups, of different ethnics and political tendencies, was the basic pivot of that feeling, on which influenced the attitude of these group and their positions be it inside the parliament or at the street level.

The change that took place, after 2003, has created an atmosphere composed of the following elements:

1. The control of numerical majority, which was marginalized in the past, over the movement of the political life. But this majority, with its numerical capacity and allegiance does not

¹ . The Previous regime was very keen to control all human resources as one of his tool to make the Iraqi citizens submit their loyalty to such regime

¹ . Most of Iraqis are very much in concern in Pension payment at the time or retirements. Such Retirement program is not exist in Iraq except with the government. This problem still in the rise till now where it crumble the private sector of employment

constitute the majority in resources, mental ability, and political experience, because it was removed in the past from the decision making center ⁽¹⁾.

2. This disappearance of the governing group, which control Iraq from centuries, beginning with Amawies and Abbasses dynasties, the Ottoman Turks⁽¹⁾ and the monarchy that followed, from the 1920s, until the republican government, which had the same historic features, which had conflict within its ranks represented the rigid minority, (Invisible power), nor the democratic nation of the majority governance.

3. The depth of the nationalist idea and its spread, and the call for the preservation of the national identity for the people who composed the Iraqi society ⁽¹⁾.

4. The releases of the theological thought and its control of the political movement and the street, as well and its transfer from its belief into a linked political and a social matter, in such a way that is difficult to separate them, in any way ⁽¹⁾.

5. The activation of political sectarianism, and the support of the member of the sects and the branch of ideological school, to the sources of the sectarian (political) decision, and the variety of these sects and their depth, led to complicated

¹ . Most of the Shias and Kurds

¹ . Those three Huge emperors has govern Iraq since 680

¹ . The previous regime has divided the Iraqi into First and Second hand citizen, where they consider every descendent of grand great father of any individual from Iran as a second hand citizen, but this is to apply on any others coming from other countries such as Turkey, India and so on.

¹ . Even though most of Islamic schools of thoughts are not legislate this kind of philosophy

alliances with similar groups, which had geopolitical elements from outside Iraq.

6. The tribalism, which it escaped from its combines has turned into a power and capacity to play a big role in the movement of the country, and even, at time, influences the legal operation of the personal and public right ⁽¹⁾.

7. The "city" and the "country" concept, which is a feature previously unknown in Iraq, which means a clear feature of the struggle, noting the background of the concept existed before. It might have left its marks on Iraq's march at that time, in the belief that it is impossible to go back to that concept, or consider it one of the factors of differences and struggle. However, to transfer this concept into a school of civilized and intellectual struggle reflects on the movement of development and commerce, as well the control of finance. This appears as something new, which being difficult to consider as an element of differences, except by those who supported the notion (Civilization) and (Bedwinism) in the historical march of some people of the region ⁽¹⁾.

8. The decline of international culture, which is the result of the nature of isolationism, which Iraqi society had experienced during the previous regime and the period of sanctions imposed on Iraq . but this is not the only reason for that decline, there is another factor, which is probably more complicated than the first, namely the (Personalization) nature of the Iraqi citizen

¹ . Like what is happening in Lebanon

¹ . Originally Iraq is a land of shippers and tribes coming from Arab Peninsula, except two cities Baghdad and Basra

who had been trained or brought up, in the past and during centuries, on the rejection of the notions of modernism and his belief that the Iraqi people are the only people who has the keys to civilization and knowledge. This is a very important issue, which need a lot of effort to investigate ⁽¹⁾

9. The absence of the notion of (Citizenship and State) and their complete difference from the notions of dictatorship and control, and the notion of partnership in building of the State, as well as the belief of the Iraqi citizen that change is impossible unless done externally by the will of the big power, or through metaphysical means. The Iraqi citizen believes that he is a pawn in a chess board without any power or influence ⁽¹⁾).

10. The absence of the notions of (Security) within Iraqi intellectual grouping, which rely on the old doctrine of (Invasion). This doctrine says that it is the right of the powerful to invade the weak, because this is the logic of the nature. Therefore, these grouping, both the powerful and the weak, struggle among themselves to show their abilities, in defense of themselves and their existence, against a more powerful group which intend to remove it and control its possessions. This Bedewing mentality, which exist, does not know the effect of the principle of the participation on the behavior of individuals,

¹ . Most of Iraqi rulers in the past try hardly to link Iraqi culture to the old history such as Hammurabi and Ashore and Babylon...etc rather than Islamic History

¹ . This kind of belief having a background of the State of dictatorship which Iraqis have not seen otherwise

but knows one approach, namely the logic of invasion, whether it is intellectual or geographic.

11. The struggle between the nations of the world for this plot of the map and the attempt the benefit from the resources that God has given it ⁽¹⁾ , a principles which is not born today but a continuous movement from the past, from which the Iraqi people suffered many sacrifices of killing and blood-letting in a long history.

12. The absence of the authority of the central government, which is almost a fixed feature in the movement of this country

. The democratization of regions and areas in Iraq on the geographical map has never been done. The participation of the central government remained a big element in the hopes of the citizens except in the era of dictatorship in its glory, in order to possess the sufficient and excessive power to control those who are far away from the center .This is what has led to the founding and deepening of the notions of dictatorship for the

¹ . Oil reserves in Iraq will be the largest in the world according to recent geological surveys and seismic data, with 150 billion barrels , Iraq may prove to be contain the largest extractable deposits of oil in the entire Middle East once this upgrading and facility improvements have advanced. The World Bank estimates that an additional \$1 billion per year would need to be invested just to maintain current production. Long-term Iraq reconstruction costs could reach \$100-billion or higher, of which more than a third will go to the oil, gas and electricity sectors. Another challenge to Iraq's development of the oil sector is that resources are not evenly divided across sectarian lines. Most known resources are in the Shiite areas of the south and the Kurdish north, with few resources in control of the Sunni population in the center. In 2006, Iraq's oil production averaged 2.0 million barrels per day (320×10^3 m³/d), down from around 2.6 Mbb/d (410×10^3 m³/d) of production prior to the coalition invasion in 2003. Iraq's reserve to production ratio is 158 years.

Iraqis , and the acceptance of its negative influence, as long as it maintained the unity of the entire territory .

The just mentioned elements are not the only factor that has impeded the Iraqi march for the building of the country and investment, but there are other elements, which we shall deal with in the coming pages. I have no doubt that, in the light of these huge elements ,the people who had preceded us in the march of civilization were not different in their complications from Iraq in the present stage in the context of building the country on realistic investment bases. However, the difference is the great inability of the Iraqi administration in modernizing and amending Iraq laws in order to accommodate the investment situation and the provision of services to it .

There has been strict and fair laws adopted by the government to deal with the bases of differences which threatened the political and ethnic groupings, there would have been no reason to doubt that within these groupings there would have been no need to turn to the extreme notions of tribalism, ethnicity or religion.

Today the Iraqi government and the legislative authority (Parliament) may play a not very active role in the movement to get rid of the heritage of the old regime , for the deepening of the feeling of lack of security, which increases all the time, has created a State of concentration around the unproductive principle in defining the future of investment in Iraq .

On the other hand, the Iraqi government has provided a lot of investment principles and opened the door for investment

companies interested in coming to Iraq , but this not sufficient to achieve the desired end of the investing companies which will pour a lot of billions of dollar if they decide to work in Iraq.

In Iraq , and probably in all over the world , the pillars of investment are:

- ❖ An effective banking system .
- ❖ A system for regulating the operation of companies , and taxation.
- ❖ A system of commercial courts and legislation.
- ❖ A public law for the protection of foreign funds .
- ❖ An effective foreign labor regulation.
- ❖ A social security system and pension regulation.
- ❖ A stable security country.

Dealing with of the above points needs parliamentary legislation, which in turn needs clarity, knowledge and appreciation of those points. This would clash with the tendency willing of the political groups, which are the components of the parliament, which often have different propositions, according to the situation that ensures their continued benefit from the maintenance of this kind of system.

We may find that a large number of members of the parliament and legislatures, as well as those working in the government sector were brought up and grew up in the lap of the old regime. They could not appreciate the negative effects and the absence of respect for the law concerning the service sector. Quite a lot of them are in the control of the government sector over the health services as the ideal role, which should

maintain the control of the government over the provision of health services and non-health services to the citizen, with the lack of then clear vision of the experience of other nations.

The Iraqi civil servant often gets on within the form of the civil service as the best form, especially in the high positions of civil services , by which the State ensures a lot of their needs, financially , socially, and politically.

We may find that there are two conflicting visions and two contrasting schools , one is the old school which wants to keep things as they are, while the other calls for modernity towards the innovative market policy, entering into the world of investment. But the decisive determination in this matter, which a permanent reality in all the regimes that want a change, must begin in parliament and by the legislative authority of the country. This authority cannot appreciate the importance of this matter, unless there is a realization and complete specialization of its critical importance (¹)

I believe that this realization is a lacking in the attitude of the present members of the Iraqi parliament, given that their personal political thoughts prevail over the thoughts of development investment.

In the experience of other people, which began the experience of the change, such as Malaysia, Singapore, Indonesia, and Dubai where perhaps the march had taken a pattern different in

^¹ . Iraqi MP's are not very well aware of what legislation should adopt as they have no experience in the field, especially if we knew that majority of the MPs are born and raised at the previous regime environment

priorities, have adopted laws for the change. In those States the change did not come from members of parliament but international experts took part in the sphere of investment change in the area of drafting laws.

Those States did not rely on their resources in the drafting of their laws but called for the participation of the international sector which has huge expertise and long practice in this context.

It may be the first priority in the tasks of the Iraqi executive authority to move in the direction of this point, i. e, not to rely on Iraqi resources exclusively in the creation and laying down the foundation for investment or non-investment legislation, to be adopted by parliament as laws, but to borrow the known resources in the world of State-building in the development the legislative and the legal side that will provide a realistic cover for the future development and investment of the country.

This is exactly what the new advancing States in the world have done, which enabled them to make a huge and giant economic jumps in the sphere of investment in the health sector.

Iraqi health workers in the public health sector some time wonder about the nature of the relation between investment and health in that they see the health sector as a consumer sector where funds are spent without criteria, and it is not possible through it to transfer the movement of health words into an economic investment reality.

This wondering is not an idle one but was a reflection of the policies of previous governments which had founded these wrong concepts in the area of health investment, and had refused renewal in this area.

The Ministry of Finance in Iraq allots annually, a huge budget for MOH, including the years after the change of Saddam regime, when the coalition forces allotted imaginary sums in this area, but the results were not commensurate with the provision of services provided by the size of spending.

Such spending was not based on the principles of investment and growth, which require the circle of the return of capital and growth, as well as the raising of the quality and ability through such a process.

MOH, where it gets its annual budget through the Council of Ministers, often reaches for areas of spending rather than investment. This is so because the Iraqi situations, on which the Ministry and the Minister establish their criteria for efficiency, are not on the investment and growth side, but their ability to spend and not to spend reasonably. The more the spending is high and big the more the executive authority feel satisfied with competence of the Ministry and the Minister. This stage of affairs not only applies to the Federal budget but also applies to the policies of Health Department of Governorates. And with this criterion view these health departments with the central offices of the Ministry in the process of spending, which, even if we assume that it is sound, but it is wrong to think that a blind process of spending without thinking of the

components or results of such operation from the point of view of economics and investment.

MOH in Iraq tries, through its work, to control all its projects, i.e. the building, and operating of the projects and their maintenance and so on, with respect to all that relates the functions of the Ministry. As mentioned earlier, this is part of Socialist thesis, which rely in the State policy on the system of government appointment in order to achieve the overall aim of the Socialist State in securing the allegiance of the official to the State.

Chapter 1

The Actual Health Situation In Iraq

The government controls the Health sector in Iraq, almost entirely, since the foundation of the modern State of Iraq in 20th century until after the Second Gulf War. After the latter, the hold of the government sector in this context began to shake. After the old regime began to decline within the international context and the sanction imposed on Iraq by the U.N. the resulting Oil-for-Food Program provided the necessary food, medicine, equipments and so on to meet the need of Iraqi people. But the hidden thing, which neither the U.N., nor

international observers had appreciated was that the central government had control over all the resources that came from this door ⁽¹⁾.

The central government had directed such resources to what serve its existence in Iraq, meanwhile the regime saw that the starvation of the Iraqi people and their deprivation from the medical sector represented an embarrassment to the West.

The regime pursued this practice then in order to obtain political and media gains, which the regime needed in its struggle with the West, and as a means of it continued existence in government. During that time the regime permitted the private sector to work in the medical and medicine sectors which were it monopoly ⁽¹⁾.

The Iraqi government not only controlled the economic aspects of the actual medical sectors but also controlled the other aspects, ranging from marketing, production and teaching, as well as other aspects which fall within the marketing of medicine ⁽¹⁾.

That plan was part of general plan of the Socialist mentality, which prevailed during the era preceding the coming of the Baath to power in 1968, which began in 1958 after the fall of the monarchy and beginning of the republican system. In fact, as mentioned earlier, the main aim of the State was the political

¹ . Iraqi Government getting a lot of advantage of this program as tight its hand on Iraqi citizens

¹ . That was the first step toward revitalization

¹ . All Medical colleges are under the control of State with special criteria of acceptance

control on people, through the control of medicine market and health market.

It may appear to some of economics, who studied the Iraqi situation at the time, that there were some improvement in the economic and technology of the medical field, as reported, praising the period which began in the 1980s and 1990s until the First Gulf War. The truth which has to be mentioned in this aspect is that the assessment and the conclusion were incorrect, in that the funds received from the oil production in the 1970s, and during the Iraq-Iran war, had covered the great failure in the improvement of the Iraqi economy.

Iraq was suffering at that time from that failure, while the calculations of numbers published and provided to the press were false number and do not represent the true situation in any way. This is what had misled many analyzing economists into optimism or naivety in their assessment of the real health situation in Iraq, and to writing reports, which did not represent the real situation, by some organizations linked to WHO, such as the report of the observation center in 2006. This report acknowledged that there is an acceptable coverage of Primary Health Care amounting to 97% of the Urban population. Unfortunately, such report were naïve and were not based on real and reasonable assessment ⁽¹⁾.

During the period of U.N. economic sanction, Iraqi legislation allowed the private section to find a way to compete with the

¹ . Most of the International organizations such as WHO and others getting their information from the government through MOH, in the same time vast majority of statistical numbers are written down just for the show off

government sector. The government also adopted a new system, after the end of sanctions, by established commercial governmental entities, which are self-financing through service or commercial activities charging nominal fees, which perhaps cover part of the cost, such as (Popular Medical Clinics) ⁽¹⁾.

These entities represent independent companies, which are entitled to practice commercial activities not limited to the medical side only, in order to obtain the necessary financing and to provide services to citizens. We shall deal with these questions in the coming pages, where we will lay down a practical plan for commercial competition, which foreign companies may wish to take part in, in the future.

The government also controls almost all hospitals all over Iraq, whose number is 229 hospitals spread over all Iraq governorates. However, there is a limited number of private hospitals, which do not exceed 50 hospitals, most of which are limited in terms of resources and capacities in the provision of health services to the citizen. It is worthwhile mentioning that at this time there is a reasonable number of private hospitals under construction, either by friendly States to Iraq, or by the religious organizations, or by foreign charitable organizations, taking place in Basra , religious cities or in Iraq Kurdistan ⁽¹⁾.

¹ . PMC are a governmental owned company formed at that time for the purpose of competing with the private sector, where this company are totally subsidized by the government and all their staff are civil servants employees.

¹ . Iran has some hospital project in Najaf and Karbala, in the same time The Husinya and Abbaseya Charity organization are having cretin project of building hospitals.

These new hospitals would suffer from many problems which stopping them of offering services to people, that is because of negligence in the consultative study of before starting the projects. As well as the applicable Socialist laws which are still effective in MOH. There are many other reasons, as well, but this is not the place to deal with them, though they will be dealt with in next chapters.

The major portion of the private sector is now limited to trade in drugs, which represent the largest part compared with the government import or medicine, which is carried out by health institutions belonging to the State , specially Kimadia ⁽¹⁾ this has helped to improve this important economic section of the country beside the availability of what people needs from drugs. However the State must take the precautionary measures against the huge illegal medicines, which enter Iraq from neighboring countries , and are sold in the markets and distributed to pharmacies and other sellers.

The State also control the industrial sector of medicine at a time when such approach is weakening , in view of the lowering of the quality and production capacity of the State's factories.

The private sector has now began to move effectively to replace the government sector In the manufacturing of medicine, as there are about 29 factories belonging to the private sector vis-à-vis two factors in Samurra and Naynawa belonging to the government sector. It is worth noting that

¹ . Kimadia is an owned State company which is on charge for supplying all what the MOH needs from Medicine and equipments.

most of the factories of the private sector had obtained licenses to produce and market the products of Samurra's factory .

The government also controls the appointments of doctors, dentists, pharmacists, technicians and other semi-professional personnel, besides the other cadres relevant to the profession of doctors. Furthermore the legislation concerning the appointment and assignment to the health sector are all under the control of the government. It is to be noted that doctors, dentist, pharmacists and other health workers are permitted to work outside government hospitals and other medical institutions, after working hours, for their own private benefit .

Those professionals have commercial interests, outside the government sphere, which have created a lot of problems for the Ministry of Health.

Chapter 2

Investment and companies

The relationship between the health and the investment is very weak, because of the absence of the large principles, which deal with the most important issue to society namely, health. To leave the question of health linked to the responsibility of the State gives it the mean to direct health as it wishes. Therefore the laws, even the recent ones, relating to contracts or investment, have not given any special feature to the health sector ⁽¹⁾, so far as the medical or medicinal aspects are concerned, in the field of supplies or other fields. On the other hand, the international position differs from this approach, in fact it considers that the production of medicine perhaps

¹ . In the By-laws of the contract No. 1, 2008, the phrase of goods cover all kind of products such as Medicine and brick where this kind of commodity such as medical drugs need to be considered as a special materials which shall phrased by the said By-laws differently.

second or third type of investment after the production of arms and military equipment .

Iraq has adopted more than one law to direct, generally, the process of investment, without allotting to the health sector any specific legislation to promote this sector. The latest law adopted by the Iraqi government has established the National Investment Commission, which occupies a very important position by being directly linked to the Prime Minister Office. The commission has undertaken the task of opening the investment sector which the country needs in the modernizing of legislation in order to encourage big companies from outside to come to Iraq and works there so that such companies can benefit from the facilities extended by the law that promoting the investment process ⁽¹⁾

In the developed countries , such as the USA, Canada , and Australia there are no investment laws , as in the case in Iraq , but there is one law applicable to everyone. Such law contains many provisions to facilitate the investment process and encourage bringing the capitals to such country, with special provisions concerning the deduction of tax imposed on the profit of companies. Perhaps the most important aspect of investment is the entitlement of the investor to own the fixed assets and the resulting value of the Real Estate ⁽¹⁾

In the prevailing circumstances in Iraq in which a transition from the Socialist system to the free market is taking place, we

¹ . The commission of investment web site is: whose office locates at the green zone and having a lot of privilege of promoting the investment projects

¹ . The new amendment of the Iraqi Law of investment including such acquire

see investment conditions approved by the State aimed , it would seem, at a transitional stage .

The conditions , which may be in conflict with the notion of investment prevailing in the West , may change in particularly the right of ownership, which is a fundamental principle in persuading investors to come to Iraq, already changed in the recent draft of investment.⁽¹⁾

The investment law # 3

Several investment laws were adopted in the 20th century and early in the 21st but the most important of these laws are three, and the rest are of no interest to the investor. What is of the interest to the investor is the provision of the law of investment no(13), 2006, and its amendment by law no (3),2010, some provision of which that are of interest to the investor can be seen⁽¹⁾.

Every month many companies from the West and the East arrive to Iraq searching for new investments opportunities in the health sector. Most of them hope to find the way for investment either through the provision of supplies or services. While these companies see the way to investment in the MOH, they may at the same time face many difficulties due to the lack of clarity in the actual investment situation, as well as the lack of knowledge of the background of the investment processes in the MOH ⁽¹⁾.

The clear picture for many of those companies is the supply of provisions for kimadia, which is done through the official

¹ . Article 10 of Federal Investment Law

¹ . (<http://www.iraq-lg-law.org>)

¹ . The Federal government gives the priority of the offering the services to Citizen to health needs

advertisements which Kimadia place in the internet and official newspapers, in addition to outside diplomatic counselors. But soon, many of those companies feel disappointed because of the unexpected poor results from the biddings in which they had participated, compared with other companies, which are perhaps less competent and with lower quality ⁽¹⁾.

This kind of situations increase the spirit of discontinuation of working in Iraq with the MOH and its company Kimadia, particularly. Very few of Western companies remain in Iraq, with the exception of those which were in Iraq and were dealing with the previous regime and had had contracts for the sale of medicine and medical supplies⁽¹⁾ . There are multinational companies, and as such were able to establish their position in a big way, because the Iraqi society became accustomed to this or that medicine in such a way that many people, or many of the people working in the health sector found it very difficult to review the acquisition of some equipment or medicines from other companies. This wrongfully thinking was not only reflected at the health level, but was also transferred to the political arena.

It is to be observed that MOH is a political ministry run on the basis of (proportionate representation of party groupings within a formula agreed on in the hall of parliament or in other political arenas)⁽¹⁾ . This political atmosphere which surrounds the medical position has led to a situation far removed from the scientific plans and their technical specialization, which in

¹ . As an old style inherited from the previous regime, Price most of the time is the main criteria of choosing the commodities in MOH

¹ . I mean in term of (present) is as a company not as a representative

¹ . Called in Arabic (Mohasasa)

return had influenced the medical approach in the provision of supplies and the choice of companies and the type which serve the Iraqi reality.

For an example, MOH spent more than quarter of its budget on cancer drugs whose (intellectual property protection) has mostly expired, and the State of the Western world have stopped using them and are using Genetics as in the case in Europe, Canada, and Australia.

What has been said with respect to medicines equally applies to medical equipment bought by the Iraqi State and MOH through Kimadia was used to buying in the past are not the only equipment available in the market, nor the favorite given the huge economic opening in the world. This is all done, in order to avoid the political conflict which may arise in relation to one political personality, which belongs to this or that political group, which leads the purchase operation in MOH, or in other service ministries, such as Ministry of Residency, Ministry of Sport, Ministry of Oil, and Ministry of Electricity.

As mentioned earlier, MOH deals with multinational companies, whose medicines and equipments are known to the Iraqi society but cost the State highly so much so that the budget of the Ministry cannot cover many of the medicines which the citizen needs. Therefore companies intending to work in Iraq must offer another vision for the operation of acquisition of medicine, and think of the concepts of spreading health awareness before thinking of profit-making concepts ⁽¹⁾.

¹ . It must be two way road where both sides are benefiting from each other on the base of understanding. But in the presence of the Iraqi Law of Procurements the idea of transparency is very difficult to apply by both sides.

Such companies operating in the Western context in the light of which the Western State sees the fruitful dealing with the multinational companies, in the long run, for the health situation in the country concerned. This was the case in Canada, when it approved the continued acquisition of medicine from a multinational companies, in preference to a similar medicine produced in Canada, after certain studies had shown the importance of continuing to buy the expensive original medicine instead of the cheaper generic one, which are similar in kind and effect.

The reason why Canada took this decision is that the multinational company had offered it a complete project through which the State obtains long terms benefits in the fields of health education and research.

Companies operating in Iraq, at the present time, often rely on an agent who is not only works for a particular company but also represent other companies. Naturally, through such a position the agent may consider the financial gain, first, and at the same time this type of agency does not generate loyalty and exclusiveness for the mother company through expectation of financial gain, which is often at the expense of the labor and economic conditions of the country.

What has just been said is not only the fault of the agent but also there are many other reasons most of which are the legacy of the previous Socialist regime.

The previous regime laid down the concept of "Scientific Bureau" ⁽¹⁾ which did not in reality serve the economic and

¹ . Scientific Bureau is an office originally should work on behalf of the State's owned company (Kimadia) to promote the medicine to the public with a figure of a commission, but it acts now as a commercial entity for

scientific aspects of health. Those Bureaus were intended to put the commercial agencies into the hand of the State, with the hope of their working on the socialist program of the State in its dealing with health and the health situation in the country.

The concept of Scientific bureau approved by the previous regime has led to the continued working of the old mentality until the present time, in the marketing and of looking at the aspect of gain in the marketing and representation of multinational companies.

There are very few companies, which rely on an exclusive agent in their operation in Iraq. This is only possible if the agent becomes an employee of the company in question, but not its agent.

This unnatural and unrealistic state of affairs has led to the decline of the role of marketing and the scientific practice in the cooperation between the doctor, the pharmacist, and the provider of health services, on the one hand, and the representative of companies on the other hand, in the submission of justification for the use of this medicine or equipment on economic and scientific base, as is the case in the developed world.

There are in Iraq nearly several hundreds of registered Scientific Bureau with MOH through what is called the (Office of Medicine Information). This office is, in reality, an office which belongs to Kimadia, and has only a nominal role. It works in a routine way in regulating the work of the Scientific offices, which are legitimized by obtaining a license from the

Union of Pharmacologists. To obtain such a license does not require a great deal of efforts, and the Scientific office has to be registered in the name of a pharmacist, who has no role in the scientific, technical, or administrative operations of the office. This is merely a formal process in order to authorize the Scientific bureau to operate in the name of the pharmacist.⁽¹⁾ Some large companies have began now and during the last two years to hire employees working exclusively for company's interest (payroll), the French company Sanofi and one or two other companies have done the same. Some companies have seriously began to consider the question of representation or presence in a complete manner and not through agents, Scientific Bureau, even thought the agents and commercial representatives help to increase the company's work in the presence of the company in the direction of marketing, sales and control of the market.

In the Socialist regimes, generally, the question of buying and contracting are done through the system of uniform buying by MOH. In this case the competition is often done through the price rather than the quality, and there is no contact between the producing company and the buyer side ⁽¹⁾. In this case, more than one factor enter the choice process, among of which

¹ . In the same time the particular pharmacist is actually is employee with private sector only, it is clear that you can see the conflict of interest in the process.

¹ . The quality of products are not known and there are no criteria how to determine the qualified goods and the best quality. The buyer having no clue of what other factors behind the products such as the raw materials and so on. There is some hint inside the purchasing department not to hold meeting with the supplier or its agent as it believe as I have heard it from many sources is to avoid the bribing

are the political and personal, who determine the entity which should be chosen by the buyer ⁽¹⁾.

Because of this system, the manufacturing companies do not bother to assign a budget for the marketing side, because of no need for this activity, which does not alter the nature of gaining a bidding by this company or the other.

This concept or vision is still the way in which big companies deal with the Iraqi situation, particularly, in the public sector. Kimadia often does not search for the best quality and in many cases, several factors intervene in the choice of materials, most of which do not follow scientific or economic standards.

Big international companies operating in Iraq for a long time such as Siemens, Philips, GSK, Pfizer, Novartis, Sanofi and other known companies operate in Iraq through Scientific Bureau which represent these companies but do not constitute part of them, which means that the company does not exist in Iraq, as such as in the case of the other countries. This is reflected, in fact, on the provision of services in a negative way, because the agent looks at his own financial interest, first and also because the company tries to reduce the cost of the selling process which the agent provides. This picture is not realistic and cannot continue for a long time, because of the absence of the competition in the marketing side, and the absence of the willingness to provide the best services.

International companies must in this context, take the initiative to open offices for them in Iraq, where the employees receive salaries from mother company, and not receive percentage on

¹ . Way of the political regime setting up, ultimately reflects its effects on other part of governmental purchasing departments

the basis of the volume of sales. It is also possible to add a percentage of sales or performance. The members of the representative office or agency becoming employees of this multinational manufacturing company. The important element in these operation is not the person, but the principle of sale, services and reputation. As regards the private sector, the problem facing it is the bases on which is founded, i.e. the market and competition, which govern the company's operations and its products (the medicines).

In the Iraqi market, there are also missing the commercial and economic criteria for assessing the people working in the medical and health fields. There are no criteria for this section of business, or the other, as is the case in the European and American markets. In the latter markets, there are scientific pointers relating to the commercial entities, similar to those in who in the scientific personalities which provide scientific research to scientific journals and periodical.

At the same time, there is complete absence of information relating to market, statistics, capacity size of sales, and the quality of products sold, the same is true with respect to regulatory information, which is of concern to regulations, such as trade unions and government institutions, which are integrates in these aspects of information.

The Iraqi Health market is in need of regulation and organization, in order to provide the commercial and technical basis, which will be the foundation for a lot of future research and expectation for commercial exchanges in the market.

The Iraqi government has been trying to raise the standards of services provided to Iraqi people, through changing the laws and preface within the government structure, as well as the

previous thinking, which was prevalent during the Socialist era. While efforts are not that easy, but they are not impossible, thus the government has to start in laying down the basis for economic changes and the move towards a free-market policy. The first priority for the government efforts in this context was the adaptation of a new law ⁽¹⁾ However, there was a law investment under the previous regime, but it was inadequate and difficult to apply at that time because of the government control of the economy and commerce. The law of investment 2006 can be seen on Iraqi Government Website ⁽¹⁾

Most important points of the law of investment:

1. General information:

- a) The exemption from customs duties of property of investor (the machines, tools, equipments..etc.), and spare parts imported for the investment project.
- b) The right of the investor to repatriate his capital, profit, and fees.
- c) The right to own land for residential investment projects.
- d) The right to lease land for investment projects for 50 years, renewable.
- e) The probation against confiscation of investment projects, except on the basis of final judicial decision.
- f) Freedom of marketing of the investor's products.
- g) Complete compensation in case of termination of services.
- h) The right to establish branches on commercial offices in Iraq.

¹ . Law No. 03, 2006

¹ . Published on *Iraqi Local Governance Law library*
(<http://www.iraq-lg-law.org>)

- i) The right to establish a commercial entity, jointly with an Iraqi or foreign investor, as well as the right of the foreign investor to cooperate with Iraqi partners.
- j) Freedom to transfer funds to and from Iraq, included the investor's capital and profit.
- k) Facilities for entry and departure from Iraq, as well as resident permits to the investor and his employees.
- l) Exemption from all taxation and duties for 10 years.

2. Law No. (22) 1997 ⁽¹⁾

The entitlement to transfer State companies to joint Stock or private companies. This means that a company investing in the production of medicine, or any other company interested in investment in the health field, can submit a project to the Ministry of Industry, which own the factory. The project submitted should specify the partnership scheme and the division of shares...etc.

The factories offered for investment and partnership are: the medicine factory in Samarah and Naynawa, the medical Gases factory in Baghdad, the Syringes and disposables in Hills, Laboratories, and so on.

Article 15 of law No. (22) 1997 provides that a foreign company is entitled to participate in State companies within the framework of its activities in Iraq. This entitlement has many advantages, the most important of which are:

- A. The availability of experienced and well- trained labor force.
- B. The availability of basic raw materials.

¹ . Published on Iraqi Local Governance Law library (<http://www.iraq-lg-law.org>)

- C. The reduction of time necessary to find a market for the sale of products, in view of availability of market, customers, and big local demand for the products.
- D. No need for any extra expenditure to secure a site.
- E. The extra profit which can be achieved from the export of products.
- F. Full support from the Iraqi government, for the government emphasizes that its own interest and that of the investor are the same. Both parties, the government and the investor have the incentive to rehabilitate and operate the factory, as much as possible the Ministry of Industry and Minerals will act as an effective pivot between the investor and the government requirements
- G. The Quick return from the investment.

The law of investment 2006 provides the same privileges and facilities to investors, and to those investors engaged in the rehabilitation of factories.

Other important legislation in the field of investment are: Law No. (21) 1997 for the regulation of private companies on the basis of participation, and law No. (91), 1988,⁽¹⁾ for the regulation of investment in Mining and Natural Resources. Iraq is also has concluded bilateral and multilateral treaties for the protection of investment ⁽¹⁾

¹ . AL-Wakae Al Iraqis the Official paper for Iraqi Laws No. 3219, 1988

¹ . Iraq has concluded multi lateral treaties within the framework of the Arab League. It has also concluded 32 bilateral treaties through the world, as well as six treaties for free trade in Iraq. It is also a party to the Treaty on the Multiparty Investment, and has, at the present time, the status of an

In addition, Iraq has a Law No. (3) 1998 or Free Zones ⁽¹⁾, which permits industrial, commercial, and services projects in the free zones in Basrah, Naynawa, Al-Anbar and Sulaimanyah.

Ministry of Trade and Registration of companies:

1. The Protection of Trademarks: One of the output of the protection of the rights of the investor in Iraq is the registration of (Trademarks) of the investors at the (Registrar) of Commercial Trademarks, at the Ministry of Industry and Minerals.

Furthermore, the Iraq government protects some international-recognized trademarks, even though, they are registered in Iraq. It is to be noted that it is possible to transfer the ownership of the investor's trademark, and the grant of license to use a registered trademarks. The duration of the protection of trademarks, according to Iraqi laws, is ten years, capable of extension for further ten years. The extension should be made at the tenth year of the first period.

Furthermore, the owner of the trademark may apply for an extension of protection of the trademark during the last 6 months of its validity.

2. Registration of companies in Iraq: According to the Iraqi law No. 21, 1997, there are three categories of the companies:

observer at World Trade Organization (WTO)

¹ . (<http://www.iraq-lg-law.org>)

a. Joint stocks company-private and mixed: The conditions for the establishment of this type of company are:

1. The company must be founded by no less than 5 persons, natural or juridical, or a mixture of the two, and must announce its shares or public acquisition.
2. The liability of the share-holders is limited to their shares in the company.
3. Iraqi law requires that investment, insurance, and re-insurance companies to be established as a joint stock companies.
4. The founders of the company, whose are also share-holders, must deposit value of their shares in the capital of the company, in a licensed Iraqi bank.
5. Companies which work as placement of funds and entrepreneur may act as investment agents for the joint stock companies. Those companies are subject to the provisions of the company Law, like any joint stock company. However, there operations are monitors by the Iraqi Central Bank.

b. Private company: This type of company is known in Iraq as a "Private project" the private company is founded by one person whose undertakes personally to meet all the company's obligations.

c. Non-corporate company: A non-corporate company is founded by 2 to 5 investors, by the individuals or

commercial establishments. The capital of the company is provided by all the partners in the company, either in cash or shares. The charter for the establishment of a non-corporate company has to be registered at the office of court registrar (Katib Adil). Moreover, the owners of such a company have to deposit a copy of the charter for establishment of the company, which should include the names of all share-holders and their shares, at the office of company Registrar, Ministry of Trade.

d. Limited company-private and mixed: A limited company is founded, according to Iraqi company Law, by no less than 2 and no more than 25 persons, who can be private individuals or companies. The liability of the founders is according to the nominal value of their shares. It is to be noted that the great majority of companies registered in Iraq are limited companies. A mixed company could be registered through an agreement between a juridical person, or more and an individual or more, from other sectors. If the government participation in the company is less than 25% the company is considered as a private company.

3.Measures for the registration of Trademarks: The following conditions are required by Iraqi law for the registration of a company:

- i. The registration of commercial name of the company at the relevant Iraqi Chamber of

Commerce, or the society of Chambers of Commerce.

- ii. The submission of a copy of the contract concluded by the founders of the company, giving the name of the company, its activities, and its capitals.
- iii. The payment of the required fee to the register of companies.
- iv. The deposit of the company's capital at in Iraqi bank, and the notification of the registrar of companies.
- v. The submission of the certificate of partnership signed by the founders of the company, as well as the capability studies of the company.
- vi. The listing of the technical and commercial activities of the company in the contract of foundation.
- vii. The appointment of a legal advisor, who is a member of the Iraqi bar, to the company.
- viii. The appointment of an account, who is licensed by the Iraqi legal accountants and the reviewers of accounts.
- ix. The appointment of an executive director for the company.
- x. Obtaining the approval of the minister of the interior for the foreign share-holders.⁽¹⁾

It is permissible for the joint stocks companies, whether mixed or private, alone, to offer shares for public dealing. The

¹ For details, see Law No. 22, 1979

founders of the mixed stock companies must own more than 30%, but less than 55%, of nominal capital of the company. The rest of the shares must be offered to the public, within 30 days of approval of the registrar of companies of registration of the company.

If the registrar of the companies finds that the registration documents mislead the investors, he will indicate this to the council of the stocks exchange.

This is, generally, the situation concerning the registration of companies in Iraq.

As far as the Ministry of Health is concerned in registration of companies producing medicines and medical equipments ,the company concerned must register at the registration department of the office of Technical Affairs, whether the company is Arab or foreign one. It must also register its products at the same Department, as required by the registration laws in Iraq ⁽¹⁾). It takes 5-7 months to complete the process of registration of medicine in Iraq.⁽¹⁾ Each company wishing to sell its products in Iraq, be it for the public or private sectors, has to register itself and its products, whether they are medicines or medical equipments. However equipments have to be examined by the Central Lab, or the Teaching Lab if they are laboratory equipments.

¹ . Procedure for the registration of medicine and companies (www.kimadia-iraq.com)

¹ . Conditions of registration, see the above website

If the equipment in question are special medical equipment, then the hospital which has asked for the equipment must provide the acceptance certificate of the equipment.

Chapter 3

The Ministry of Health and the legal aspects of investment.

Under Iraqi laws, generally, and those relevant to ministries, a Ministry does not have the right to enter into any commercial activity with others. The reason is that ministries are the providers of services to the citizen.

But this is a wrong concept in the general custom and the development of the country. However the alternative to this concept is the view that the State has established companies belonging to the Ministries, which could perform the economic and commercial activity on behalf of such Ministry.

This applies not only to MOH but also applies to all ministries in Iraq for the ownership of companies, which perform the commercial activity.

The Ministry of Transport owns Iraqi airways company, the Ministry of Industry owns the companies which produce

medicines, and the Ministry of Health owns two companies in the commercial sector, namely, Kimadia and the Popular Medical Clinics (PMC).

These two companies belong to the Ministry , from the point of view of ownership and management, and there is no difference in the nature of their management and beaurocracy from those of the government. These government companies, and perhaps this is the case in all ministries, do not realize any economic profit in their commercial activities, and may be that they all lose annually, from the economic and commercial point of view. ⁽¹⁾

The State believes under the old regime that the ownership of these companies provided it with many advantages. This reflect the thinking of the previous regime in the employment of citizen and the continuation of socialist philosophy in tying society with the State for its needs to survival, thus secur the loyalty of the citizen to the provider of his or her means of living. ⁽¹⁾

These companies are supported and rely, at least, on the principle of self financing, i.e, they cover their expenses of their employees and activities ⁽¹⁾ However, the owner of these

¹ . Both companies are taking their budget from the MOH and it is totally under the control of governmental hiring and other rules. In the same time they have no way of signing any contract without governmental approval

¹ . Previous Baath regime were very keen of controlling all what people needs such as food, medicine and residency, and this mentality keep going till this moment and after the April 2003 where the structure of the two companies are still governed by the same law of the ownership. There is an expectation that Parliament may look at this problem and finding a way of exiting the public companies from within the government

companied (The Iraqi States), has warned the ministries to which these companies belong that it will suspend the financial support to them and that they should depend on their resources to finance their work. However, it is to be noted that any profit, which may be realized by these companies goes to the Ministry of Finance and not to the concerned company.⁽¹⁾

These companies were not able to rely on themselves which has created a problem for the State, in that it feared a deficiency in the provision of medicine, according to the State's thinking but not according to the economic and practical realities. It is in the interest of most of those working in those companies to continue this irresponsible status because of lack of discipline, prevision and other reasons, which facilitate the acquisition of personal benefits.

Companies belonging to the government such as Kemadia, the Popular Medical Clinics, Iraqi Airways and medicine-producing companies in Samarra and Naynawa, do not submit, nor declare, their profits or losses in their annual reports and no one knows their financial situation. Giant international companies declare their profits and losses and consider their operations open to the people so that any person can obtain any figure or operation of company through a visit to the Ministry of Trade or 'through internet.

¹ . They do not have a yearly statement as what genuine companies do at the end of the Fiscal year, And I believe they keep accumulating a big loss every year where the State does not ask for the Balance Sheet or others.

¹ . It is an extremely important for the new Iraqi government to by pass a law of re-structuring the companies owned by the State.

The big companies belonging to the Iraqi do not have specialists in accounting or reviewing of accounts, who can submit or approve the losses of previous years. What happens is that the documents prepared by the government accountant or reviewer, in the same department, to the Ministry of Finance, without knowing whether there has been a profit or loss. It is for the Ministry to follow up.

The negligence in the accounts of the companies belonging to the government is one of the major causes of the financial and administrative corruption in the present structure of the State. The State, which was born from the Socialist regime, and which had created fear and terror, was running the show before 2003. For example Kimadia used to charge 6% on contracts concluded with the Ministry of Health. Such a percentage did not amount to a great deal in the operation of the supply system, and did not constitute an incentive for Kimadia, nor for its employees, to excel in their work and management. Therefore, Kimadia began during the last ten years, to decline, considerably, in the field of supplies at the government level, at the same time, it lost complete control on the supplies for the private sector.

We have no figures which can help evaluate the ability or otherwise of Kimadia, when it was supplying both the private and public sectors. Giving figures relating to the government companies was, and still, considered as a security matter and very confidential, unknown to anybody. It may be, and GOD knows, that there are no figures at all, and the absence of reports of figures, as well as annual profits, because the

company, thus there is no duty to submit meticulous reports about the company's financial situation.

This is so, because the company and its assets belong to the government, and since the distribution of medicine is free of charge, therefore there is no reason for Kimadia to show its ability in the field of profit or loss, as long as the figures and reports do not add to the operation at all. And this is now the actual situation of the companies owned by the Iraqi government, including Kimadia, the Popular Medical Clinics, and others which belong to the government.

We have not heard that the government had published figures of profits or loss on the internet, or in special reports, of such companies, and that their employees have seen, or discussed, such figures or reports or whether they have the right to ask questions in this context.

The available figures relating to the huge financial resources of Kimadia are stunning, and they show that it could perhaps be the largest company in the region. Kimadia has a market of 30 million persons, and the law allows it to market throughout Iraq all that is relevant to the production of medicine and medical supplies....etc. Kimadia also owns lands, Real Estates, and offices, perhaps worth more than one billion dollars besides other hidden market resources. These resources can enable Kimadia to occupy a considerable position in the strengthening of the commercial sector of health not only in Iraq but also in the whole region, what prevents it from doing so is the lack of modern scientific management, in addition to

restrictive legislation, which do not permit to operate according to the market concept and the logic of economic profit.

There is a unique experience, similar to Kimadya's situation, which is the Egyptian Holding company, which was launched after the transfer of the Egyptian economy from a Socialist system to a free-market economy, at the beginning of the 1970s. This company, which is owned by the public sector, was able to move towards partnership with the private sector, and worked completely independent from any government influence. It became one of the largest companies in Egypt, and developed its resources and products. The experience of this Egyptian company offered an excellent example to follow by international companies investing in Iraq, in the development of Kimadia project through the possibilities which suggested in this study. What was suggested is to remove Kimadia from the narrow sphere, in which it operate now, to a wider sphere open to full investment in health, industrialization and distribution.

As mentioned earlier, there is two companies in the Ministry of Health, which belong to the state, which carry out the economic and commercial activities. These companies are:

- the General Company for the Import and Distribution of medical equipments (general known as Kemadya).
- the Popular Medical Clinics Company.

Kemadya is the biggest and well-known company. Which works as an assumed financier to the medical needs of MOH

and the public sector, such hospitals, laboratories, surgeries, and others in the concept of supplies.

Whereas the Popular Medical Clinics concern with other fields such as works in the distributing medicines for chronic diseases in its 250 Clinics throughout Iraq. But it rarely enters the field of commercial transactions, such as the purchase of medicine, or supplies to hospitals, or making bids and so on

The previous two companies are not the only entities authorized to purchase for the public sector. Iraqi health legislation and laws have given the authority to certain departments hospitals, of governorates, and other ministerial departments, to purchase medicines and equipment.

Hospitals have their own budgets for the purchase of all sorts of materials needed, however, each purchase contract must not exceed \$50 thousands at each time of purchase. Any such transaction presupposes that Kimadia had officially excused itself for its inability to supply the material in question.

In other words the manager of a hospital or a medical institution, before concluding any contract directly with a supplying company, must have an excuse from the contract supplier (Kimadia) expressing its inability to provide the material in question.

The hospital concerned has to pay attention to availability of funds from the budget of MOH, at the relevant time. Kimadia supplies medical institutions only partially, which may reach less than 50% of their needs, and sometimes much lesser than that. Therefore the private sector provides the other 50% need

to those institutions, which Kimadia is unable to provide. The purchase of medicines and medical equipment is carried out according to the governmental instructions for contracts implementation. No (1),2008, whether the purchase is done at the central level or otherwise.

We shall summarize these instructions below, however, any investor interested in obtaining the detailed provisions of the instructions, he can do so either on the website of the Ministry of Health, or at the special web site.⁽¹⁾

Here are some provisions of governmental instructions for contracts implementation, which describe the general principles for the implementation of contracts concluded by the State institutions and the public sector, in general:

- i. These instructions apply to contracts concluded by the governmental departments on charge of such contracts ⁽¹⁾.
- ii. These instructions do not apply to projects and general contracts of the government institutions financed by international organizations such as UNDP and others.
- iii. The prior approval of the Ministry of Planning and Development Cooperation is required for the technical feasibility studies for a project, whether it is a manufacturing or supply project.

¹- Detail of the investment can be seen at: <http://www.investpromo.gov.iq> (<http://www.iraq-lg-law.org>) or at the book of Sami Shubber (The Law of Investment in Iraq, Martinus Nijhoff Publishers, 2009)

¹ . Apply on all Governmental offices either ministries or other establishments

- iv. There should be an existence for an up-to-date study of the estimated cost of the project is required. Such a study can be prepared by the technical and economic departments which are familiar with the project.
- v. The existence of funds in the general federal budget allocated for the implementation of the projects required.
- vi. The general detailed descriptions of the project. i.e, the conditions, maps, schedules and so on, which are necessary for the implementation of the project, are required.
- vii. The special conditions for the implementations of the turnkey projects, contained in the instructions relating to the investment projects in the general federal budget, are to be provided. Turnkey projects are applicable to most investment projects of MOH.
- viii. The price of a unit, in the general and specific bidding documents, is determined in two stages, according to the importance of the unit ⁽¹⁾.
- ix. Public bidding can be either national or mixed (national and non-national) for projects the cost of which are no less than fifty million Iraqi Dinars (nearly \$45 million) or any other sum defined by the relevant authority. The measures taken in this context have to be general, competitive, fair, transparent, and open
- x. The specific bidding is done by the public announcement by the contracting department to all

¹. If the contact require two stages one is a technical offer and the second one is a complete bidding

parties interested in the implementation of the project. It consists of two stages:

- The submission of the documents relevant to the technical and financial capacity of the participants in the bidding.
- The direct invitation to the qualified bidders to participate in the bidding and to submit their offers.

The bidding in two stages Direct invitation

A direct invitation is sent to the contracting department to no less than three suppliers companies dealing in health matters, and consultative offices known for their technical and financial competence, containing the following information:

- The decline of those who submitted offers in the first invitation to bidders to participate in the bidding.
- The contract is a consultative contract.
- The contract is confidential, so far as the contracting or implementation are concerned, or there security reasons which require this conduct
- The aim of the contract is to realize speed and competence in implementation, especially in emergencies and natural disasters, for the provision of medicines and life-saving materials.

The one offer approach

This is an invitation, free of charge, from the contracting department to one bidder, in area of monopoly contracts, for the provision or implementation of works, consultative services, or industrialization.

Working and progress-linked advances loan.

- The special rules concerning the grant of preliminary money advances to the contracting parties, who are implementing contracts for public works, supplies, or consultative services provided in the law of the general federal budget.
- However, guarantees are required before such advances are approached.
- Advances are paid to contractors according to the progress of works, within thirty days, in the light of the terms and conditions of contractual requirements in the bidding documents.

Decision-makers in the Ministry of Health and the form of administrative hierarchy.

It may be desirable to provide some information relating to the centers of decision-makers in the Ministry of Health, so that this information can be a tool of a company in the marketing of the idea of creating a new health system in Iraq.

Moreover, such information may show a general frameworks for a company desiring to invest in the legal sector and the

laying down of an Iraqi legal health system. It is perhaps advisable to begin in the area of the Ministry of Health , i.e His Excellency Minister of Health, Deputy Ministers, and general managers of the Ministry of Health. These probably constitute the composition of the Ministry's net working, they are as it shows in (Appendix 1)

The transfer and marketing of the idea of the health system to those working in the health sector, must begin through this formation, starting with the Deputies, Advisors, and General directors where all are located in the same building. In the composition of the Iraqi Ministry of Health, at the present structure, there is a special status (employee Statues) for each component, which I shall mention quickly.

This special status is sufficient to explain to international companies the political side of the structure of the Ministry, which has to be dealt with in the marketing and the professional work:

The Minister.

He represents a political Party of the parliamentary groupings, and he is nominated by the that group. He has to be approved by the Prime Minister and the Council of Ministries.

The Deputies

They represent political groups in the parliament. They are nominated by such political group to which they belong and appointed by the Parliament and endorsed by the Council of Ministers. There are three deputies at the present time.

The General Inspector

He is part of the Commission of Integrity ⁽¹⁾ which is the body that monitors the activities of the State in general. He is appointed by the Commission, after consultation with the Council of Ministers. The role of the General Inspector is considered important for MOH and consumption of medical services area. His status is no different from that of a Deputy Minister. However he is supposed to be independent from any political affiliation, competent and well-versed in the legal field. His role in the Ministry of Health carries not only monitoring tasks but also participation in the planning like any other pillar of the Ministry. ⁽¹⁾

¹ . The Commission of integrity (COI) is an independent governmental body, responsible for fighting corruption, established in Iraq as Commission on Public Integrity (CPI), pursuant to statute promulgated by Iraq Governing Council and according to delegation of the dissolved Coalition Provisional Authority (CPA) in order 55 of 2004. In 2005, Iraqi permanent constitution considered the CPI an independent commission , subjected to the Parliament and changed its name to the Commission of Integrity (COI), according to article (102), which states “ High Commission for Human Rights, High Independent Electoral Commission and Commission of Integrity are, hereby considered an independent authority, subjected to the Iraqi Parliament and the law of Iraq “.

¹ . Office of the Inspector General in the, based on the order No. 57 for the year 2004 issued by the Coalition Provisional Authority. Mission of the Office of the Inspector General ultimately aims to raise the level of performance at the level of the ministry and formations reduce the phenomena of financial and administrative corruption, for the purpose of activating the Office has contributed to the formulation of laws and opinion, instructions and decisions of public policies that are directly related to

The Advisor

It is an a professional post, and the Advisor is nominated by the Council of Ministers, at a (Special) nomination ⁽¹⁾. There is only one advisor at this time at the MOH.

The Directors – General

They are nominated, at the present time, by the parliamentary groups (Political somehow) and approved by the Minister of Health and the Council of Ministers. There are seven Directors-General at the central building of MOH each one is on charge for a branch of profession.

Directors- General- Governorates

They are appointed by the Minister of Health at the present time, in consultation with the Governorate Council and the participation of the political parliamentary groups as well as the Council of Ministers ⁽¹⁾ However, the Governorate Council is composed of political groups . There are 17 directors-general , plus three for Baghdad ⁽¹⁾.

active ministry. The Office of the Inspector General in coordination between the Office and the Integrity Commission and the Court hearing the cases of corruption

¹ . (Special) nomination are a positions which have been granted to some people from the Council of Ministers where their ranks are comes right after the rank of the Minister. All Deputies, Advisors, DG are special Ranks.

¹ . The Governorate DG at this time are nominated by the particular Governorate Council and then chosen by the Minister, all of them at this time are linked somehow with politicians.

¹ . Including the Kurdistan Provinces where they include 3 DG which are Arbeel, Sulaimanya and Dhouk, whom they are having no link with Central

As can be seen from the general composition of the pillars of the Ministry that they are holding this position because of the overwhelm their Political background on the their professional task. However this does not mean that those pillars do not possess a certain amount of medical and professional knowledge, or that they are incompetent, but it means there is a mixture of politics and science.

In the developed world, for an example, in the U.S.A or in the U.K the Minister of Health is not necessarily the one who is affiliated to the party of the President, or the party in power. But he is elected on the basis of competence, perhaps from the party of the president, or the party in power, or from other parties even if they are in the opposition, provide that the minister allies the program of the winning party in this field, or the other. He has also to follow the slogans of those candidates who are elected by the people to be their representatives in the parliament. This means that the candidate has to have the competence to implement the services programs proclaimed by the winning party during its election campaign.⁽¹⁾

In the light of the prevailing political situation in Iraq and in the absence of a governing majority and an opposition in the parliament, as well as the transfer of the government into a contradictory group of opinions under the names of some un

MOH except allocate them with their shares of the yearly Central Budget 17% from Ministry of Finance.

¹ . Qualification of the high ranking personnel such as Minister, Deputy, Advisor and DG are depending not on experience of managing as it was in the West and developing countries, but rather it depend on their Academic certificate and their political and social links.

acceptable terms such as proportionality (Mohasah) or (Tawafok) which means a vague concept of (distribute the positions upon agreements), the investor has to take into account the importance of those elements when he enters the economic arena of Iraq.

This discussion leads one to the concept of lobbying, which is prevalent in the U.S and other parts of the developed world.

Lobbying is a meaning used to market a certain ideas to political leaders, in order to persuade them to adopt a concept of economics, health, services, or technology in order to achieve a different, but common ends between the political side and the investing company, which an affiliation gain for the former and a financial gain for the latter.

It is probably appropriate to mention this idea so that companies wishing to enter Iraq bear in mind these considerations.

The parties, or the political groupings in Iraq, which are represented in the Parliament, are composed of three giant groups who in detail are consisted of 15 parties ⁽¹⁾. Each one of these parties or groupings wishes to obtain a political success through the realization of a service project to the people, such as health project, electricity projects, food-rationing projects and other very important projects which in return can influence the affiliation movement.

Therefore, the notion of lobbying is a very important one in the Iraqi political scene, provided that it is based on sound and correct principles. It is true that a lot of commercial projects

¹ . Political parties are always in changes of their loyalty and their aliases, but main Political groups are three one for the Kurds, one for Shiias and one for Sunni.

which entered Iraq, at the present time, came through the political groupings or their components, though the difference is that the matter is centralized on the personal status of those politicians.

However, in reality, what happens is that one political group adopts a program of a certain company, such as the oil program, the electricity program or the health program, but the activities in these context are limited to a personal side in the belief that the involvement of the group may harm its reputation. whereas the adoption of a service program which is likely to serve Iraq and its people should enhance the reputation of the political group or the party concerned.

The concept of marketing the thoughts of the health system comes to the fore in this context in order to be one of the elements of pressure on the three levels of governmental authorities , the executive, the legislative, and the judicial to adopt it .

Chapter 4

The actual situation of contracting and purchasing in the MOH

The companies belonging to the Ministry of Health are:

(a) **Kemadya:**

Kemadya is the company responsible of the contract purchasing of medicines and medical equipment for the private and public sectors, as well as other tools and machinery, which are needed for running the Health system of the Ministry of Health. It was established a long time ago, and has experienced many changes in its name, property, and affiliation until 1979, when it acquired its present status.

On that date it became a company wholly owned by the government, and it is governed by company law, No. (22), 1979. Furthermore, a specific law applicable to Kimadia was adopted in 1983, Law No.(9), 1983 entitled the Public Establishment for Medicines and Medical Equipment ⁽¹⁾

According to the law, Kimadia is the major company for the marketing of all medicines and medical equipment to the private and public sectors, obtaining 6% commission for these transactions from both the public and private sectors. However, if the private sector itself decides to import medicines and medical equipment for distribution to the local market. It was obliged, before 1990, to pay commission to Kimadia, because

¹ . Such laws can be founded at: (<http://www.iraq-lg-law.org>)

the government sector is responsible for the distribution of medicines, in general.

Therefore, if the private sector enters this area procurement, it has to pay commission, perhaps 6.5%, to Kimadia. However, after the second Gulf War in 1991, the Kimadia's hold on the health market became weak, and its operation became limited to the public sector only. And with the passing of time, kimadia's capabilities began to weaken gradually, not only in the private sector but also in the public sector too. The reason for this deterioration is that Kimadia's policies were based on Socialist laws followed by the State before 2003 in the fields of commerce and investment.

The most important obstacle to Kimadia's work, and which limits its possibilities to become one of the most important companies in the Middle East, is the law which governs it. Here are the main points in this context:

- (1) The company is owned by the MOH , and the Minister of Health determines the company's policies ⁽¹⁾.
- (2) The administrative council of the company is mostly composed of the employee of the company, except perhaps one or two other members are not employees in this company and those are used as a escape goat ⁽¹⁾.
- (3) Kemadya belongs to the State, and as such, it is governed in its work by laws relating to the government supplies. Therefore, it does not have the authority to

¹ . Here you can see the Conflict of interest in procurement process

¹ . Kimadia By-laws is similar to other Public owned companies in Iraq where the civil servant employees running the Board of Director for such companies

deal with financial resources except through the Ministry of Finance ⁽¹⁾).

(4) Kemadya is obliged to follow government contractual laws, which do not enable it to become a commercial company active in the market ⁽¹⁾.

In spite of this situation, Kimadia possesses commercial abilities which can enable it to become one of the biggest commercial company in the Middle East, like the Egyptian Holding Company mentioned earlier.

This is so because Kimadia owns property, some of which Real Estate, which may exceed \$1 billion, as well as markets that may be worth more than \$2 Billions. Kimadya's work now is limited to secure, perhaps no more than 20% of the needs of the Ministry of Health (the public sector) of medicines and medical equipment ⁽¹⁾. It has no tendencies for investment projects, nor the energy to work in this field.⁽¹⁾

(b) The Popular Medical Clinics

The Popular Medical Clinics are an institution, which belongs to the MOH. It owns 352 clinics ⁽¹⁾ all over Iraq and in every

¹ . Profit of such companies goes to the Government not to the company itself, with some exception of paying certain percentage of bonus

¹ . Law No. 1, 2008

¹ . This percentage is my personal prospective as I can judge it from my own calculation

¹ - Kimadia is very much busy an engaged in procurement process rather investment, that means investment with Kimadia need to be promoted by investment companies where its By-laws is permitted the Board of Director to be involved in such projects.

¹ . Such as Primary Health Care center similar to those which belongs to the

governorate. They operate on the bases of self-financing, and are headed by a General Director.

The PMC are governed by the Popular Clinic Law, No.(193), 1970, and Law No.(89), 1986, which allows to these clinics to provide medical services to Iraqi citizens for a small fee less than that applicable in private hospitals and clinics.

These Popular clinics are linked centrally to the office of the PMC at the Ministry of Health ⁽¹⁾. They supposed to dispense medicines for Chronic diseases, as well as rare medicines for, such as Cancer medicines and Growth hormones.

The office of the Popular Clinics has a legal entity and enjoys financial and administrative independence, through linked to the Ministry of Health. It has the right to open popular medical clinics all over Iraq too ⁽¹⁾.

The aim of these clinics is to provide the best health care services to citizens, in return for a fee less than charged in private ones and private hospitals in order to alleviate the burden on Iraqi citizens, as stated in their laws.

This was intended by the previous regime as a mean of preventing any attempt by the private sector to enter the health market in Iraq, in that the State provides the medicines to the citizens at a cheap price. However, in fact and in the official language, what these clinics provide covers only a small part of citizen's need of medicines, such as insulin and some other medicines for chronic diseases.

Public Health Directorate

¹ . The Head office are not at the same building of MOH, see the Law No. 89, 1989 on the Governmental website: www.iraq-lg-law.org

¹ . It has the same limited situation of Kimadia where it has no authority of investment without the consensus from H.E.

It is to be noted that the office of these clinics is exempted from taxation and other charges, as well as the requirement for the distribution of profit by economic institutions.

However, what is necessary and important, from the point of view of the investor, is that it is possible for these clinics to be a very important investment centre at the level of the public and private sectors.

An investment company can enter into an economic partnership project with the popular clinics, as it is the case with Kimadia. These two companies, Kimadia and Popular Clinics are responsible for the economic side of the governmental level in Health. They have the right to enter into partnership with private sector, whether Iraqi or foreign one ⁽¹⁾. This point is very important for everyone wishing to invest in Iraq.

However the following points need to be considered:

- a- The partnership with Kimadia or the PMC will give the investment project the strength of the private and public sectors.
- b- The guarantee that these two companies will buy the products.
- c- The guarantee of the official State side in its relation with the private sector, which would in the long run, transfer the mixed products into products outside the mentality of the Socialist government.

¹ . Re-activation of these two companies is very essential for the future of investment in Iraq

Chapter 5

The banking system in Iraq

The banking system consists of 43 banks, in addition of the Central Bank. There are 7 government banks and 30 private ones, including 7 Islamic banks, and 6 licenses granted to foreign banks.

The investment in banking is governed by the Central Bank Law, No(56) 2004, and the banking law No(94) , 2004. The minimum capital for the establishment of a bank in Iraq is 100 billion Iraqi Dinars (\$85 million) ⁽¹⁾.

Letters of credit

The procedure for the opening of a letter of credit is as follow:

- 1- The concerned ministry takes the necessary measures for the opening of an irrevocable and unconfirmed Letter of Credit, after the grant and the signature of a contract with a company, and after the receipt of the performance bond.
- 2- The opening of the LC mentioned in (1) above, is carried out in accordance with the international rules for letters of credit, through a recognized government banks, with the relevant banking documents (an application form and a contract for LC). These documents include the financial conditions for the import of goods in question, as well as the other contractual conditions agreed between the buyer and the seller.

¹ . Both Laws can be founded at: (<http://www.iraq-lg-law.org>)

3- The process of opening an LC requires the following measures:

- (a) *Defining the name of the beneficiary (the seller) and his full address.*
- (b) *The description of the goods in question, with the necessary reference to the number of the contract and its date.*
- (c) *The exact amount of the letter of credit, in number and in writing.*
- (d) *The reference to the type of commercial sale according to (Incoterms) which should be specified as FOB/ CIF/ CFR/ CIP, or others according to the terms of the contract.*
- (e) *An indication of the means of shipping the goods, i.e, by road, air or sea or other means, as well as the final destination.*
- (f) *A statement as to whether or not partial shipment is acceptable, i.e, the acceptance of delivery of the goods in several shipments for example, or in one shipments only provided that the financial payments are proportionate to the delivered goods.*
- (g) *A statement as to whether (Transshipment) is acceptable or not.*
- (h) *Specific mention of the delivery date agreed in the contract.*
- (i) *In case of need to extend the LC, the period of validity of guarantees has to be extended accordingly.*

- (j) *The irrevocable LC cannot be amended or extended except with the agreement of the contracting parties.*
- (k) *The irrevocable LC cannot be annulled except with the written request of person who opened it provided that the beneficiary (the seller) agrees or upon the request of the bank in the end, on the request of the seller (the beneficiary), on submission of the written consent of the buyer.*
- (l) *In case of an advanced payment made of a certain proportion of the letter of credit, a written notification of guarantee in the currency in which the letter of credit has been opened must be received through a recognized banks in Iraq.*
- (m) *If the seller insists on the opening of an irrevocable and confirmed LC the confirmation charge would be his responsibility.*
- (n) *The buyer, who requests the opening of the LC, shall bear the charges relating thereto in Iraq.*
- (o) *The seller, (the beneficiary) of the LC shall bear the charges and interest arising there from outside Iraq.*
- (p) *It is preferable to state in the contract that all banks charges, inside and outside Iraq are on the beneficiary 's account. This statement should be put in the LC.*
- (q) *The insurance taken out for the transaction must be all risks type. This should be stated in the LC whether the insurance coverage is at the expense of the buyer or the seller provided that it covers the*

value of the goods on the bases of CIF or CIP contract.

(r) The conditions of payment and the way they should be made, should be according to the terms agreed on between the buyer and seller. The means of payment must be stated precisely with the specific mention of the documents which should be submitted by the seller, in order for him to receive such payments.

4- The documents and evidence required for the LC, their authentication, and their dealings, according to international rules (UEP 600), have to be specified.

5-The import license for the materials and equipments has to be included, if the transaction is subject to import license, in accordance with the applicable law.

6- The ministry concerned , the establishment not linked to a ministry, a region, or a governorate not part of a region must follow the shipping of the goods and deliver the notification of the seller which gives the precise details of shipping. The following points are to be noted:

(a)- The concerned party has to complete the customs clearance for materials and equipment, which have arrived to Iraq, in order to facilitate their arrival at the warehouses.

(b)- The concerned party has to complete the necessary clearance for the materials and

equipments and load them, as soon as possible, in order to avoid payment of fines for delay in taking delivery of these goods at the airport or a custom office.

(c)-The concerned party has to complete the unloading materials and equipments arriving by sea, as soon as possible, in order to avoid the payment of demurrage.

7- The concerned party has to have the necessary equipment in the warehouses, for purpose of completing the unloading and the preliminary delivery of the arrived goods and without any delay. The state of the goods on arrival has to be indicated , in order to protect the rights arising from insurance.

8- The concerned party has to complete the measures for the technical testing for the delivered goods, and issue a certificate of testing and acceptance ,during the acceptance period specified in the contract and from the delivery date.

9-

a- if there is a defect in any delivered shipment, or incompatibility with the technical specifications, a certificate of discovers of a difference has to be issued by a committee of testing and acceptance to be established by the contracting department. The letter has to be notified, without delay, to secure the replacement of the defective shipment.

b- In case of missing or damaged items in whole or in part, a certificate of difference has to be issued by a committee of testing and acceptance to be established by the contracting department. The seller has to be notified of the missing or damaged items, in details, in order to obtain compensation when the sale is on the bases of a CIF or CIP contract. In such a case the insurance is covered by the seller.

(c)- If the insurance coverage is by the buyer, and in case of missing or damaged items a certificate of the difference has to be issued, and the national insurance company has to be notified in order to obtain compensation for the loss or damage.

10 - The instructions issued by the council of ministers concerning the opening of the LC and their means of implementation.

a. the conditions specified by the buyer to the paying bank (the bank opening the LC), has to be cleared, precise, and transparent.

b. the opening of transferable LC is not acceptable, except in case of transfer to the industrial party mentioned in the contract.

c. in case of advance payment of a specific percentage of the sum of money of the LC , no payment can be made to the seller before the receipt of a bank guarantee of the value of the advance payment, and in same currency of the letter of credit.

The bank guarantee has to be of the type of on demand, so that the buyer can withdraw the guarantee, without the need for notification, or the issue of judicial or therefore.

d. it is preferable not to load the goods on this ship deck.

e. the bank in which the LC is opened shall be responsible for the follow up of bank notification relating to the LC, in order to know the movement of the banking operations, the expenses arising, and the financial settlement as early as possible.

f. The contracting department is responsible to monitor the bank account in a foreign currency, to insure that the financial credit is sufficient to cover the value of the LC, which necessary for implementation of the contract for the import of particular goods. The contracting department can not undertake any contractual obligation vis-à-vis a foreign party, without insuring the availability of funds, in foreign currency, to cover the value of the LC required to fulfill that obligation.

g. When contracting with foreign parties for a particular transaction, such as the import of the equipment, material, or tools, or the purchase of services, which requires the opening of the non-revocable LC to cover the cost of that contract, it is necessary to study the term of the LC according to

the uniform customs and practices of documentary credit, before signing the contract.

h. When importing equipments, tools or any other goods, which need a guarantee for their installment, operation, pr maintenance, a certain percentage of the value of the letter of credit must retained for the purpose of covering the cost of such needs, provided that a term to that effect in included in the payment conditions of the LC.

i. When the contracting parties agree on any amendment of the LC, the bank where the letter of credit has been opened, must be notified of the amendment, so that it can take the necessary measures.

Chapter 6

The entry Into the realm of the Investment in the Health sectors in Iraq

There are a number of laws, which have to be followed before entering the realm of investment in health sector in Iraq ⁽¹⁾. Iraq badly needs investment in health sector particularly those sectors relating to the citizen's health and medical needs.

As a preliminary step, the investor has to follow the laws of the previous or the present government or both. These laws are inter-linked and at times, it is difficult to know which law is applicable to which project. Therefore, the practical experience is very important for companies in this context ⁽¹⁾.

Iraq is now in the process of building and amending laws as a general, therefore, the continuous experience of the practicing economist within Iraq is a very important matter in the process of investment in Iraq ⁽¹⁾.

It is therefore, difficult for a foreign company to enter the field of commercial competition without reliance on the expertise within Iraq, particularly those people which have practiced in the field of commercial and investment work.

¹ . Sami Shubber, The Law of Investment in Iraq, Martinus Nijhoff Publishers, Boston 2009)

¹ . My personal prospective is that the investment at Health sector in Iraq require Multinational professional companies rather then local or so

¹ . Parliament is struggling hardly toward updating the old and non beneficent laws for making it suite with what is in the International globalization

Companies interested in investment in Iraq have to consider the principle of investment advice and consultation with the specialist in the market and in the legal field.

When investment companies in the West intend to work in the USA or in Canada, for example, the first step they speak with a special consultant to obtain precise studies of the national situation of the market, through that special consultative offices, whose business is to carry out such studies and researches.

In Iraq, the need for studies or consultative offices is extremely important because the market is unstable, decisions are taking constantly by high authorities in the government without process of consultation, laws are changing, and personal intervention in legal and procedural matters.

These elements render it necessary to emphasize primarily on the reports of the Official Iraqi specialist who claim that he has the data on such matter.

In Iraq, no consultative offices exist or are found at the present time, and it is difficult to find someone capable of making precise studies, as in the West. The reason is simply the absence of statistical information which the specialists rely on in writing their studies, which provide the criteria for his conclusions.

This is one of the biggest problems facing the investors in the medical sector. It is true that there are statistics, but they are limited and not accurate, therefore they cannot be relied on for the future of investment by Western companies ⁽¹⁾.

¹ . Most of statistical Official Reports are not accurate and cannot be used for the investment, as such report is written in favor of the government which do not like to show the bad side of the performance

There are four group of laws in the Ministry of Health, which should be familiarity by foreign companies: (¹)

- ❖ The Laws on Government Companies (Kimadia).
- ❖ The laws concerning the Popular Medical Clinics.
- ❖ The laws concerning the general investment, which belong to the National Investment Commission.
- ❖ The law relating to government contracts.

These laws are the basic ones which an investor must know and be familiar with their details that are relevant to the type of investment which may interest him. We shall deal with these laws later on in this study. However the most important step is the choice of the consultative offices which is one of the most important part that an investor must consider and study.

The choice of a consultative office.

The first step which an investor must take it to choose a consultative office, which is specialized in the subject intended for the investment. This is the one of the basic and sensitive step not only in Iraq but also in all the countries where the investor or company wishes to invest. The reason is that such an important step saves a lot of time and effort in the process of investment.

An investment company often searches for health and scientific information and relies on statistics immerging from the markets, the commercial and economic operations, and the

^¹ . All Investment laws are collected by Dr. Sami Shubber as we mentioned previously

market activities in the country. In the advanced countries and some of the third world countries, commercial consultative offices are considered as a pillar of the economic and commercial activities.

In Iraq, there is nothing similar to what exists in the West in the sphere of consultative activities in the field of health. The reason is the absence of any health vision during the previous regime and the regimes which preceded it , due to the prevailing Socialist mentality in the economic sphere.

In addition, the government policies were not aware of the benefits to the State from investment. There are, however, some consultative offices in some neighboring countries and other countries in the region. Furthermore there are no specialization within such consultative offices, which are within one department ⁽¹⁾

Some consultants, at the individual level, may be present here and there, but it is impossible to find a complete consultative mentality which could provide some solutions to Western investors in Iraq.⁽¹⁾

However, in order to reach a competent consultant, the company wishing to invest in Iraq must make sure that the

¹ . During the period between 1968 till 2003 all statistic information considered to be part of Iraqi reputation especially when it was in negative prospective such as deterioration of health or infant death or number of patients of different diseases. In addition to that the governmental employees who are working in the field of Health cannot show the black side of the statistic otherwise they will be questioned and subject for imprisonment and may be killing as what was happened to the previous Health Minister Adnan Hussain when he got killed by Saddam. The same mentality still going on and effective in the public Health sectors in Iraq.

¹ . Some Western companies are doing their own work in term of marketing in order for them to plane their future in Health sectors in Iraq.

consultative having a reasonable history and researches and having a good office, or the consultant, possesses some experience in the West, besides the experience in the Iraqi market. If one of these features is missing, it would be difficult to rely on such a consultant in the provision of the required expertise ⁽¹⁾

Today international economy is run according to international standards and scientific approaches, each one complete the other, in every investment operation, be it in the fields of health or medicines or in other medical services.

It is obvious noted that the consultative capacities in the public and private sectors are exist in Iraq, and the investor needs to define and direct the project of future investment in Iraq.

It is also important for the investor to identify the nature of the geographical zone, in which he expects the investment operation to take place.

Will the investment be in the north of Iraq , or in the Kurdistan region, in Baghdad, in the south of Iraq, or in the whole Iraq.....?. Each type of investment has its own characteristics, according to the geographical location and then variety thereof, and the different investment tendencies in each part of Iraq ⁽¹⁾.

¹ . It's a very new idea for the people working in the public Health sector to know that the Health can be related to Economy, all what it been know that the Health is totally is subsidized by the government. In the same time the Iraqi Universities are having no courses or degrees in the field of Health economy.

¹ . It is important to know Iraq still living within the traditional of the tribes and religion and those two kinds of behavior having deep influence on any aspect of investment in Iraq. In the same time there is a tendency between most of politician that Iraq can be a good example of Federation as divided into States or provinces.

The various aspects of each region and the investment branches, as well as the needs of Iraq for medical services, will be dealt with in detail later on.

Many international companies believe that the government side is the most important in the field of investment partnership, and that this side should be the emphasis of their entry in Iraq. While there is a lot of truth in this vision, the private sector possesses huge possibilities and great areas of investment, which often influence the tendencies of the private and public sector.⁽¹⁾

Meanwhile, many of the people working in the private are employees of the public sector, which means that the influence between the two sectors may move, at times, toward the private sector, and not vice versa.

This situation has to be taken into account in many investment operation in Iraq, in that it is necessary to rely on the private sector and to consider it a big entry point to influence the public sector.

Therefore, any consultative office has to have a good knowledge of private sectors, whose problem is pivoted on the authenticity of health information in the light of which the expert may give his opinion. There is no authentic and written information in the statistics of the situation of the health sector, generally, and the private sector, particularly the absence of precise information makes the giving of advice very difficult, except for the experts.

¹ . Even though majority of the health staff are working within governmental sectors, very few of health provider may be less than 1% are not employed in Public sector.

Under the previous regime the health figures concerning Iraq on which the international organization relied, especially WHO and other health organizations, were issued by the government, which means the approval of the security apparatus. It is necessary not to emphasize on the information issued by the government. It is far from the truth, admittedly there was some scientific elements in them. It will be wrong to consider all these information as an authentic document which can be the basis of any project or a study because they do not originate from a non-neutral authority, i.e, third parties or parallel organizations.

It is regrettable that many international organizations, particularly the WHO, base its reports on information obtained from government sources, in the belief that a government source carries credibility and truthfulness. We may forgive those organizations on this unhealthy step, on the basis of principle that there is no correct information at all. This is the principle which should be relied to any information in the context. What has been just said applies to the figures provided after 2003, which bear the same notion, because of the continuation of politicization followed by the country.

The figures provided at the present time constitute part of the infamous policy of (Proportionality), as well as the nature of the laws and the government formation, the absence of the real technological tools to provide real figures and precise information. Although the health departments of the MOH in Iraq provide information and figures concerning the current health situation, as a reference to consultants but these are not economical ⁽¹⁾.

There are several reasons for that, the most important of which is the lack of scientific tools for the collection of such information, its classification, and transmission within the MOH or health authorities. Iraq lacks, at the present time a basic structure for a complete system for health information, based on equipment, expertise, experience, and adequate knowledge for the building of a precise health information system.

I reiterate that it may possible for us to obtain information from the health authorities, but it will certainly be imprecise compared with what is available in countries which provide health information to their research and training institutions.

We were not here to discuss the reasons for the lack of health and scientific information, but reference is being made here to this point to show that the consultant cannot carry out his task except with the help of much information. This fact will complicate the task to be carried out by the consultant, the research, or the economist in giving a correct advisory opinion to an investment institution on company concluding a contract in Iraq.

When Arab or non-Arab international companies consider using the services of consultants, the first step to take is to lay down the details of the project, in consultation with specialists who are able to draw a road map for the project.

It is preferable to choose Iraqi specialists who practiced medical economics competence. It is also preferable to mix the economic competence with government resources within the MOH, who are former businessman and whom now occupy

¹ . Managers of the Health office belie wrongfully that bad record of statistic means disqualification of such manager

decision-making position in the Ministry. This process can be done in a precise scientific manner, before the beginning of accumulation of public reserve for the operation processes. There are now individual consultative in the world and in the neighboring countries of Iraq, some of which are scientific and some are commercial. There are also those who can work in the private sector. Such abilities can be used by a consultative office to direct the needs of international companies. Consultative offices have began to be established, at the present time, in many countries, especially in the United Kingdom, Lebanon, and many other countries in the world, for the purpose to provide excellent services to international companies interested in investment in Iraq.

Chapter 7.

The areas of investment in the Health Sector in Iraq and the challenge of the previous Era

Iraq was built on a Socialist system, with tendencies far from Western World and the international market, though the medical and service qualities, such as medical equipment, were basically linked to Western products. The western products, especially the Europeans, were considered as a must to be obtained for the provision of medical services. The position with respect to other markets, such as the Chinese, Indian, and Malaysian markets, and others from eastern countries was prejudiced against companies from those countries and their products.

This is due to the background and the way the Iraqi society regarded those products, including doctors, health specialists, and the universities in the country. The same applies to the training and practice of doctors, nurses, and other health workers.

Those people didn't have the opportunity to know the non-European products and services. One of the most important method used by the previous regime, before 2003, and to show a positive figure of health situation before the world and to Iraqi citizens, was the purchase of (Brand name) products from companies ⁽¹⁾.

¹ . The political impression and the media syndrome are very much influential when it comes to the issue of dealing with Western countries. This image still running and effective even after April 2003.

This practice was intended for propaganda purposes, first, then to give the opportunity to those people who linked to the government, and where the regime wanted to draw benefits from the medical commercial situation, on a personal level. Therefore, many of those in the entourage of the highly position government personalities were involved in the commercial and regulatory aspects of the health sector.

We can enumerate four periods of Iraqi's development, which an investor must know, because of their importance in learning the history and roots, which are now reflected on the health development in Iraq. They are:

1. *The first period:* This covers the Monarchy period from 1958- 1968. It was the time during which the medical establishments were formed, many laws and regulations were enacted, books were imported, and universities were established. This period took the British style as a general pattern on which was based the medical teaching, the medical laws, and the types of treatment. This influence continues to the present time, with some changes here and there.
2. *The second period:* it began in 1968 and ended in 1991, during this period, the Socialist system controlled the provision of medical services offer for the citizens. The State understood the latter task, enacted laws for teaching, import of goods, and commerce, relying on the Socialist philosophy, thus, the State provided free education, free medicine, and free medical treatment which was very near to the authoritarian systems in the world. We can discuss the reason for this system, but this

would deviate from the main subject of this study, though it was generally generated by the political logic of the state.

3. The third period: It began in 1991 and ended in 2003, during this period the regime lessened its hold on the provision of health services to the citizen, and the private sector participated, in part, in that operation. Furthermore, there was the Oil-for-Food Program imposed by the United Nations as one of the sanction, and the entry of agents who had caused many changes in the medical economic market. The government benefited from the situation in trying, through the international mass media to show the miserable health situation of the government.

4. The fourth period: it began in 2003 and continued to our present time. In this period, the challenge began to take more aggressive move in the area of modernization of health, the reliance for the provision of health services on the private sectors, and the policy of openness, as well as others. This is the most complicated period from the point of view of economic legislation for the medical sector.

In spite of the existence of those periods, the health system, with all its establishments, beginning with the university education, the system of hiring employees, and the State of provision of services to the citizen, remained within the Socialist mentality. This mentality sees the provision of health services as the State's responsibility, and that the State is obliged to have the direct supervision throughout the versions stages using a huge number of employees all over Iraq. ⁽¹⁾

¹ . Over employment some time considered by the government as somehow

This over-grown structure lacks the essentials of institutions, the scientific and economic management. This has led to the increase in the cost of health services provided by the State to the citizens, because of the bad management and the large number of employees in the MOH.

This situation had led to a number of symptoms, such as the deterioration of the quality of health services provided by the State to the citizen. This, in return, has led to this appearance of different forms of health phenomena, the most important of which are:

- i. Lack of confidence in the health services provided from the government.
- ii. The increased demand on medical services.
- iii. Looking for better health care and services outside Iraq, and the increase of travel by Iraqis for medical treatment to other countries such as Turkey, Lebanon, Jordan, India, and other countries .
- iv. The availability of investment opportunities in Iraq in the medical field, and the increased pressure on the executive authority to develop a good Public and Private health sectors.
- v. The Private Sectors especially the treatment and doctors visit has increased in term of cost with less quality. Beside growing the health investment in Iraqi Kurdistan where people start to go there to get better services.

similar to the Welfare and social services payments in the West. All kind of governmental levels are facing huge pressures from all over the society toward opening the excess of the employments at the governmental levels.

- vi. No possibilities of the exiled health providers coming back to Iraq and giving their professionalism in building the health sectors.

The State, on the other hand, and in the view of the prevailing political circumstances and the transformation of the new Iraq, has not seriously tended to the regulation to the health sector, considering it as another aspect of the services which suppose to be improved by others such as law-makers, Ministry of planning, Ministry of Financing, Security and internal ministry and so on.

Therefore, the government has dealt with this essential aspect of health in the same way as it dealt with housing, commerce, sports and other areas of services provided by the State to the citizen. Thus, it offered no logical or management initiative to recognize the health dossier, nor did give it the priority in the organization of the health services offered by the State and its medical institutes in term of services.

The same applies to the question of government contract services, concerning the organization of the contracts and the operation of purchase and other measures to obtain medical services, medicine, or a machine, or other items needing for medical services ⁽¹⁾. The reason for this may be the absence of health specialization especially in the fields of medical and health economics and health management. These specialists in the field of health regulations and health managements were not thought of by the Iraqis government and public, nor did

¹ . The law of the performing the governmental contracts No. (1), 2008 (www.iraq-lg-law.org)

they consider them as important specializations in their lives. Instead, the mentality of the previous regime during the Socialist periods, especially after 1958 until the present time has deepen its root among the health authorities.

This reality had led the health development in Iraq to the same old system, and there has been no difference in the quality of health services. This situation would continue like that, unless there is a noticeable change in the health motion.

One of the first setbacks approved by (Paul Bremer)⁽¹⁾, at the beginning of the invasion of the coalition forces, was to consider the provision of medical services to the Iraqi citizens, to be entirely, free of charge. As some politicians were convinced that such a step would be part of the affluence provided by the new era to the Iraqi people. In fact, there was one of the worst setbacks suffered by the movement of health modernization and development.

Bremer's decision was one of the decisions, which has led to the shake of confidence in the government health services, by the Iraqi people, because the free of charge services render and lacked the trust in health quality required offered by Iraqi health providers ⁽¹⁾.

¹ . an American diplomat. He is most notable for his role as the Administrator of the Coalition Provisional Authority of Iraq following the 2003 invasion. He served in this capacity from May 11, 2003, until June 28, 2004, effectively serving as Head of State of the internationally recognized government of Iraq.

¹ . The free charge of Health services is not a new idea, as all previous regimes are setting the same for getting no charge of all medical treatment and Medical drugs. Iraqi citizen at that time were not satisfied with such law as the free charge mean poor quality. People expect that new Iraq can

Furthermore, the coalition authority approved a lot of health economic measures, which removed the resources of the private sector and put them in the hands of the government, such as the building of hospitals, the production of medicines....etc. The result is that the major health services became the property of the government, such as the hospitals and other health teaching institutions, as well as the other sectors, which we do not wish to deal with in this study.

This situation continues in the direction of free of charge services, and the complete control by the government over the provision of medical services.

Iraq has been transferred into a special political status, sometimes called the proportionality policy or the policy of agreement between the conflicting groups, each of them suggested by one of these groups. This is the case especially when it comes in relation to the question of whether the citizen should bear part of the cost of medical services provided by the State, which is now 500 Iraqi dinars, about \$0.5 paid by the citizen when coming to the hospital or to any health care facility.

None of the political groups dare to suggest the increase of this fee to \$1.00, for example, because of the fear that the discussion of this matter may reflect unfavorably on that group in the eyes of the Iraqi citizen.⁽¹⁾

provide better law for health services either these services are subsidized by the government partially or not. That means the Free charge is a bad image when it associates with health services.

¹. There is a big gap between the understanding of the legislatures and the civilization requirements which are in need to build Iraq. This gap creates

There have been many calls, here and there, to the MOH to carry out basic reforms in the Ministry's approach of Socialist philosophy and its effectiveness, as Iraq has adopted a free-market economy, after 2003, as a general concept in the running of the state, in general. But these calls have had no effect, because of the tense political situation and the proportionality struggle, as well as, the weak legislative side in the parliament in enacting new and effective laws to advance the health and medical sector toward the new international approach.

This approach requires that the financial resources come from the government, but the management of the services and the way that they are provided should be based on the policy of good quality and market competitiveness, instead of the MOH doing this through its employees and teams.

This is the approach followed by many parts of the world, which they are having an effective and advanced Health Systems. Thus, the health, treatment, and medicines remained running into the orbit of free of charge mentality. This has reflected, negatively, on the confidence of the citizen in the medical services provided by the State, so people begin to turn to the private medical clinics, where there is no limitation on the fees charged ⁽¹⁾

many conflicts among Iraqi people in their vision toward their Parliament Members (PM)

¹ . Iraq has neither law of pricing the medical services given by the provider, nor the medicine costs.

This situation has harmed poor people who cannot afford to pay high fees, which ultimately having tremendous effect on Public Health of the citizens.

The experience of other nations has certainly proved that free medical services, without proper regulation, is a wrong policy. There must be laws, regulations, and criteria, which regulate these activities, the quality of services, and their forms. This cannot be applied to all Iraqis, therefore charges have to be regulated according to the income of each family and its position, in the sense whether or not there is disability or unemployment and so on.

Chapter 8

Investment in Basic of Infra-Structure of the Health Sector in Iraq

The planning and implementation of a Health System in Iraq.

The first investment project in health in Iraq may be the drafting of the (Health law), which will be the basic foundation for the health system in the country. The present Iraqi law is out of date, in that it was drafted before the middle of the last century, and does not rely on the concepts of health development, which have entered the dictionary of health of the modern time, nor does it rely on the international law of modern openness of the democratic States.

There are many old concepts, which are still prevalent, and which are effective in the running of the health components. There may be a lucrative opportunity for the giant international companies, which have formulated an effective health system in the other part of the world, to enter the investment field in Iraq using the health law as a major health investment.

However, the appreciation of the importance of this approach, is limited in this kind of investment, because of the absence of sufficient information to enable the executive authority in Iraq to understand the necessity of this essential service of the State. The drafting of health law requires complementary operation of specialist lawyers and specialists in the various branches of health care, concerning the practice and management of health care. This notion may be absent in the minds of many health workers in Iraq. Therefore one of the most important tasks of any company wishing to work in this area is to educate health workers about the importance of this subject (Health System) (¹)

¹ . All neighboring countries are entered into a stage of having their Health-law in effect such as Turkey, Iran, Jordan, Syria and Saudi Arabia in addition to all other Arabic countries in the Middleast.

This can be done through the publication of pamphlets, television discussions, or any other suitable educational tools. The company concern must transfer its battle for convincing the members of the government and the Parliament, specially the (Committee of Health and Environment), which is the responsible body, in the place for the legislation for the health law ⁽¹⁾

The second time of confrontation after the MOH are health providers such as doctors, dentists, pharmacists, and others, who would perhaps oppose the installment of a health system in Iraq, fearing that it might affect their interest of the income from the private sector, specially the question of the separation of the private and public sector, and the imposition of the obligation to choose one of each sectors, but not both ⁽¹⁾.

Furthermore, the law would limit the fees for the medical services, the imposition of income tax on their earning, and the links to a system of competence and research work, and so on, where these are the essence of any health systems in all the countries of the world.

The dentists and pharmacists will also oppose the tendencies to apply a health system in Iraq, because the dentists and pharmacists will not be included in the scheme of appointments in the various State's hospitals.

¹ . The Parliament Committee of Health & Environment is consisting of 16 members representing most of the Political factions where their duties are direction the legalization of the Health toward modernization of the laws and practices.

¹ . Iraqi Health Providers especially doctors are very sensitive to any changes in their practicing of medicine, as the freedom and kind of income that they experienced

This is one of the pillars of the health systems in the world which aims at invigorating the pharmacist and dentist sectors in the field of investment. In the economic side this is a necessary element in the process of raising the standards of dentistry and pharmacology to reach high degrees of quality.

This has actually happened in the countries which applied those concepts, such as Canada and the USA where the dentists and the pharmacists are considered as, perhaps, the highest second or third income level of the citizens because of they are working as a self employees.

There will be a general opposition to the System of Health insurance from the officials of the MOH, because of their feeling of insecurity, during the early stages of the application of health system, as they thought it will end up to loss of the privilege of government job offers to the civil servants employees, such the short time in their work and absence of incentives, and so on .

There will also be an opposition from the directors of departments, because of fear of an ambiguous future of their positions, which they enjoy from a social and financial point of view.

Politicians in their various affiliations, will also oppose the health system using some gaps and provisions of the system, as a ploy, to fight this approach on the pretence that it will lead to reduction in the number of employees and to transfer the health services system to the private sector. This sector is concerned with financial gain, and will not provide medical services, free of charge, to that section of the Iraqi society.

In fact, what I have said about the opposition to the health system is a well-known sample of all efforts by the State when

they approve the implementation of a health system for the country concerned. This is not an unknown phenomenon in the process of change, which is met by many who refuse the change or the renewed.

There may be a company which wish to write and implement a health system, but I believe that it will be better if this project is adopted by a State, rather than a company. Of course, it is possible that the State may use the service of a company specialist in this field for executing the parts that they have some difficulties to do.

The nearest States in similarity to the Iraqi health situation, in the implementation of the concept of a health system, are Turkey, Sweden, and Canada. I believe that there is a suitable opportunity for the mentioned countries to consider finding common denominators with Iraq concerning its needs. It is hoped that a privileged future trade exchange can be built through an initiative with the Iraqi government to find out its readiness to adopt and implement a health system and this can be done, in cooperation with Iraqi specialists in this field, within a large committee including the best specialists in this field of health regulation.

In order for the process of implementation to be more realistic, the executive authority should start the initiative, not through the MOH only, but through the office of the Prime Minister too with his economists advisors ,as the case in all other countries of the world, which have applied the health system, such as Malaysia, Singapore, Canada, China, and the USA ⁽¹⁾.

¹ . Installation of health system in such countries are planned and arranged through higher authority than the MOH, which is the cabinet as it can work closely with a legislative department

The question of a health system is not only the monopoly of the idea of health, but it is also an economic, social, and technological national project of interest to all the people, and this is high responsibility for the executive authority, therefore any State, or company, interested in entering this field has to make an approach to the executive authority to convince them of the importance of the issue for the future of Iraq and the governing parties ⁽¹⁾.

When the health system is written in a legal form, it has to be submitted to the Iraqi parliament, probably, through the Health and Environment Committee. The Committee is composed of members of parliament, some of whom know and appreciate the importance and the vision of the project, while some others have not had the opportunity to see the necessity of the project. Nor they have seen the effects and benefits for the States which have implemented the project in the stages just mentioned.

Therefore, it is necessary for the company implementing the project to give the opportunity to some members of the Iraqi parliament to have the experience, through some practical exposure to see the economic and health results derived from the application of such a system in some of the countries mentioned above.

This will offer a useful environment to see the differences between the health situation in Iraq and the benefits of the health system implemented in those countries. It would take 6 months to a year for a drafting a health law to be adopted by

¹ . Most of governmental and health authorities thing that the Iraqi already adopt a health system and the problem is in the wrong way of using the system. I do believe that this idea is totally wrong, as our laws of health is out of dated

the parliament and reviewed by the Supreme Court of Iraq, (The Shura) which is the highest body for the review of draft legislation. Once these stage are completed, the draft law becomes effective after publication in the Iraqi official gazette. Then it binds the executive authority, which will have to apply it.

Points to be included in the Iraqi Health Law:

- A. Comprehensiveness, Universality and Equality, under the government administration ⁽¹⁾
- B. Reliance at the present time on the State budget (i.e. federal system) ⁽¹⁾
- C. Coverage of the medical aspects for all Iraqi citizens such as medical examinations, laboratories, and operations, irrespective of the annual income for citizen ⁽¹⁾.
- D. Some of the administration expenses has to be covered by the governorates budgets, especially for those citizen having low income ⁽¹⁾.
- E. Other matters, such Senior citizens, nursing homes, eye glasses, ambulances, special treatment are considered as a negotiation issue between Federal and local governments ⁽¹⁾.

¹ . Under governmental control but through a special Agency

¹ . Or on the Taxation and Social Security funds

¹ . All successful health system in the world must included sharing from the citizens.

¹ . Through the Ministry of Social Services

¹ . It must include all local governments in Health system, even though the main budget is Federal

- F. Dental care not to be covered by the government insurance, with the exception of complex mouth operations, unless the governments from both sides having access budget to cover these two services.
- G. All doctors and health providers are employed according to contracts, directly not as what has been taking place at this time. So they are just kind of professional services and can select the place and salary that offered by the employers ⁽¹⁾.
- H. There should be a Pension Law and fund for every one working in the health sectors ⁽¹⁾.

The other aspects of the proposed health system there should be a legal regulation laid down by the implementing company.

Suggestions for the implementation of the project.

The type of candidate company: The candidates companies are those which have the experience in the field of drafting health systems and their regulations in the world, especially those companies which have drafted health system in Singapore, Sweden, Canada, Brazil, Malaysia...and other countries.

There are also some companies which cooperate closely with research centers in international universities. Attention should be drawn to the difficulty of entry into this area, especially by the foreign companies of a commercial nature, because their role will not concentrate only on the drafting of health laws,

¹ . Consider all professionals personnel such as doctors, nurses and others as a Self-employee register their entity within the Board or as it called the Union

¹ . As it must be deducted from their income

but will also concentrate on its marketing, as well as, the drafting of their laws and implementing them.

Such an operation is very complicated, particularly in the present Iraqi political situation and its political and parliamentary components, and the conflict between the sectarian and the political groupings.

It is for this reason that I am with the opinion said that it would necessary to have a country with a developed advanced health system, perhaps Sweden can take and carry out this huge task ⁽¹⁾. Such a task would require international cooperation on a high level, side by side with the scientific efforts performed by that State.

It is true that such a mission would be performed with the help and cooperation of Swedish specialist companies, which will be paid a fee for its work in this context.

In a conversation with the Swedish Minister of Health in Baghdad in December 2011, the question of Sweden adopting this project was raised, during the negotiation between Iraq and Sweden. The question of coordinating the work on the special project of drafting a health system was considered . Sweden had to take the initiative in considering the possibility of cooperation at the political and health levels, in the implementation of the project under consideration.

At the same time I see in the Canadian health system ⁽¹⁾ another good and acceptable alternative which quite suitable

¹ . Sweden considered as one of the best Health system in the world and in the same time the living and life style is number one between all other democratic States.

¹ . Canada having a very powerful Health system where it has a good social

for the Iraqi situation, in that there are similarities between the two countries in the areas of population numbers, the social structure, the federal system, and other matters.

This alternative offers a good sample of openness and cooperation. However, there is a lot of hesitation in the Canadian foreign policy, since 2003, to enter commercial projects and activities in Iraq. Canadian products are highly considered in the Iraqi market by both private and public sectors, a case in point are Apotex and PMS companies, the latter has its headquarters in Québec. The same applies on many Canadian companies producing health and medical products. This offers to the Canadian companies the opportunity to benefit from the availability of the market in Iraq to open a new page in the commercial relations on a high level (¹).

As regard the political side, Canada is considered neutral in its international relations, in the United Nations Forces, and in the settlement of disputes. All these elements are considered as powerful basis in the establishment of strong commercial relations between Iraq and Canada. But the big problem in Iraq's relation with Canada is that Canada is not willing for such cooperation, because of the complicated political and military situations in Iraq , at the present time.

Steps for implementation of the drafting of health system in Iraq

philosophy.

^¹ . Canadian Drug manufacturing and medical equipments would be a good products to be marketed in Iraq.

The country or the companies that accepted in taking the responsibility in drafting and implementation of the Health system in Iraq, has to consider taking several steps before implementation. These include:

- a) The participation of other States in the financing of the project.⁽¹⁾ I believe that the US may be one of the donor country, because of its large resources, the European Union, or perhaps the international banks such as World Bank or others. The first option (the US one) should be emphasized, would be best one, because of the availability of the resources for that purpose ⁽¹⁾.
- b) The work should begin through a dialogue on the level of political channels between the head of the Iraqi executive authority and the other parts represented either by the Minister of Health or a similar authority. This means that it is necessary for the political leadership to know the importance and sensitivity of the project. Such a project is to be determined by the highest authority in the country, represented by the Prime Minister. This is so because such a project does not belong to the Ministry of Health only but it is also in concern from other ministries and institutions, such as the Ministry of Social Affairs, the Ministry of Municipality, the Ministry of Finance, the Ministry of Trade, the Ministry of Justice, the Parliament, the State Consultative Council , the Ministry of Education, the Ministry of Higher Education and Scientific

¹ . The project may cost around half billion

¹ . Iraq can carry out such charges even though if other countries not willing for to support this project

Researches and the Ministry of Science and Technology. Each of these entities has a role to play in health law projects because of the link, in one form or another, between it and the activities of a ministry or institution ⁽¹⁾.

- c) The team from the State in charge should implant an Iraqi team which will have a full knowledge and the same attitude as the state's team with respect to the health law. The Iraqi team must have knowledge and practical experiences outside Iraq where it is not difficult for a such team to see the defects of that system ⁽¹⁾.
- d) The State, or the companies, on charge should adapt an education Public campaign in cooperation with the State of Iraq, first, and starting with a visual information. Furthermore the resources of the ordinary citizen and his suffering in obtaining good health care services should be utilized in the marketing and press campaign. The same applies on the religious institutions and the civil society institutions whether they were Iraqi or international.
- e) The State or companies on charge, should submit a complete project, on all levels, (the legal, medical, marketing, practical, and political levels). Iraq should provide all the facilities for the implementing party and the contract should be concluded with the executive authority and not with one ministry only.

¹ . All these ministries should have a committee for the following of such national program

¹ . Ultimately the Iraqi team will be in charge for running all the operation after the investing company finish their project

When the drafting of the health system for Iraq is completed, it will contain many branches which require specialists from the companies and States interested in investment projects in Iraq such as the project of medicine distribution to the Iraqi people. This project is one branch of investment in the medical field in Iraq. Reference will be made to it in the following chapter.

Chapter 9.

Projects for the distribution of medicine to Iraqi citizens

This is one of the important foundation to be established in Iraq which needs the expertise of big international companies. I would like to refer, in this context to a paper which I had published to the companies interested to work in this area, hoping that it would be a preliminary step in adopting the right approach.

While working on this project should be done through the health system drafted by the State it is generally considered a governorates program, which demands that the companies, interested in investment in Iraq, in this area, to market the idea to the governorates.

All countries of the world endeavor, through defined program, to provide health care services to their citizens, as medical treatment or provision of medicine, then when the individual income increases then the people starts to buy the insurance policy either from governmental, or semi-governmental, or private societies.

There are institutions which provide health and medicines insurance for their employees, such as trade unions and big institutions, while others sell health insurance policies to the citizens, directly. As for the advanced countries, such as, the Western States except USA the State remains responsible for the provision of health services to its citizens, through services schemes.

Each of these schemes has its own regulations to follow. For example the scheme for the provision of medicines to the elderly, after the age of 65 years (senior). There are also schemes for the people with limited income, whose annual income is less than \$16,000 annually. There are also other

schemes run by the State or a particular ministry, often operated by civil institutions for the creation of program and employment by the State.

It is worth noting that one of the programs, supposed to be carried out by the Ministry of Health is the "Drug Benefit", which carries out the distribution of medicine to various sections of the society. In other words this program should be one of the projects providing for limited-income people, the disabled and the employees of the private sector...etc. while generally such a program is an activity within the Ministry of Health , at the same time , there are other parties who should participate in laying down the foundation for the distribution of medicines for people including:

- Medical Society or the Union of Physicians
- Pharmacological Society, or the Union pf Pharmacists
- Representatives of the factories of medicines in the private sector
- The representatives of the government factories of medicines,
- Kemadya,
- Ministry of Health, a representative from the Minister of who are specialists in the field of medicines.

In order to build the fundamental structure of the project, it is necessary to build the institutions which will implement it, especially the Unions (the organization), and Kimadia (the buyer) , both of which need international companies (as an

investor) to provide programs to modernize their laws, operations, and management. This would materialize in⁽¹⁾

- ❖ The building of basic structure for communications, computer systems, and information technology⁽¹⁾
- ❖ The drafting of a law compatible with the international situation and the needs of the country, which goes along the State's approach for economic openness.

The institution which enact laws in this field are semi-governmental (Agencies), which, it is submitted, should be established by the government and its members should be nominated by the parliament, which gives a legal nature. Such institutions do not exist in Iraq, nor do they have any traces that make them known or used, as is the case in the West, such as the (Royal College of Surgeons), the (Board of America), the (College of Pharmacists), (FDA) and many other institutions⁽¹⁾. Such institutions carry the task of laying down regulations and rules for the specialists in the relevant fields.

They -the regulatory bodies- are different from Trade Unions (Nakaba), whose task is the protection of the right of the workers, but not laying down regulations and rules. It is therefore possible for the regulatory investment companies in

¹ . The Canadian Drug Benefit of Ontario (ODB) is one of the most valuable example for doing the same operational process in Iraq, this needs a Canadian company having specialization in the field

¹ . Iraq has no foundation and infrastructure for this technology

¹ . All of regulatory bodies in Iraq at the moment are governmental entities which is part of the Socialist regime policy. It does not look like that the Parliament political situation can keep the eyes on this part of relation which is a very sensitive to all professional activation in the country.

the particular health field to take the initiative in submitting its investment project in the respect, through such institutions, which are familiar with this important health domain. When the idea of creating such institutions is implemented, the applicable laws for this area of specialization, or any other approach, will be easy to ascertain and be applied.

The above mentioned projects can be implemented by international companies, which exist in Europe, the USA, India, and China. Such companies have representatives in Dubai or Lebanon. Furthermore there are international consultative offices, which should start working before the implementing companies start the operations. I believe that the companies working in this field, should in cooperation with the consultative offices, begin to market this idea to the MOH in Iraq. It will be desirable if such consultative offices submit samples of the project to be done in Iraq, with the estimated cost ⁽¹⁾

The company which wishes to work in this area should come to Iraq, or send its representative, to market this idea to the MOH,

¹ There is no understanding in Iraq of the role of the consultative offices in the operations or contracting of projects, thus this could be the point of persuading the Iraqi authorities of relevance of this role. The law, which the Iraqi government applies in governments contracts is the 2008 law, which allows the use of consultative offices in the implementation of any commercial project. It is necessary to emphasize this role in the explanation to be given to the Ministry of Health because the Ministry has never contracted a consultative office, except in one case, the special position of the Japanese ITEC office, in the area of construction projects. In this case, the services of consultative office were used, after the conclusion of a contract with the implementing company for a construction project, which is not the correct way in the sphere of international contracting.

in particular the office of the Minister and the Minister's Deputies, the Union of Pharmacists, and the Medical Union.

1-The Iraqi Drug Benefit (IDB) (¹)

The Iraqi Drug Benefit (IDB) program is one of the tasks of the governorates responsibility, not the central MOH, and is paid for by the governorate budget, because of its importance and the necessity of providing drugs to the citizens by the governorate concerned.

It would be much better if the Federal law has applied where each governorate has its own MOH and having also the position of the Minister (¹), or the directorate of health in the governorate could do the same.

Each governorate has its own circumstances, which should be taken into account in the eligibility of the citizen to receive drugs for himself and his family. This project, as mentioned earlier, is one of the important projects, but it does not be the only project to meet the needs of every citizen in that governorate. Similar program must be established to meet the needs of the citizen for medicines. We shall try to define the other programs which could meet the needs of each Iraqi citizen for medicines.

^¹ . This is one of the huge investment project which includes many subtitles of branches of investment not only at the Federal level , but also on all the governmental levels.

^¹ . The Federal governing system such as in most of the democratic world is giving the authority to the local people of forming the complete system of government where it links to the Central Government in three ministries, Internal, external and defense affairs. In Iraq there is no constitutional clause of not having this road of running the governorates

Eligible citizen for the IDB

The conditions for eligibility of the citizen for receiving medicines under the IDF program are:

- 1- The citizen must be 65 years old and above.
- 2- All the disabled citizens, covered by the concept of disable (those who have physical disabilities)⁽¹⁾.
- 3- Anyone who needs special health care , example, the mentally-ill one.
- 4- Any Iraqi citizen whose annual income is less than \$10,000 annually.
- 5- Any one receiving financial aid from the government ⁽¹⁾.

This program and the funds needed for it have to be allocated by the governorate budget, entirely. However, it is considered reasonable that the citizen should participate in paying part of the medicine's cost, e.g. \$ 1.00 or more for each prescription, to the retailer Pharmacist who provides the medicine.

The committee which supervises the IDB program in a such governorate should limit the medicines provided under the program. Such medicines are those approved for marketing by the registration committees at the MOH ⁽¹⁾. This means that the

¹ The Disability Law is not very well defined in the Iraqi Constitution and there is no benefits given by the State to compensate a such disability.

¹ . Iraq having no Welfare and Social assistant system like the one applied in the Western countries. However, there is some program of assistant to some people who are in deep needs, but none of that has been considered as a law

¹ . Although the Regulation of Medicine distribution among citizen is the responsibility of the Central Authority, but in the same time each Provinces or governorate has its own special committee deals with the condition of

drug in question have passed the registration process, have obtained the approval of the National Commission for the selection of medicines, and have been accepted by the special IDB committee.

It is to be noted that not all the medicines approved, as just mentioned, are permitted for sale, or dealt within under the IDB, because this depends on the concept of cooperation between the manufacturer company concerned with Iraq, as well as the benefits which may be derived by the MOH from the services of that company. In addition to other factors such as the price offered to be sold to public, kind of awareness program been offered and so on.

For example, Omeprazol, (Losec), is produced by ten companies in Iraq, at the present time, and has been registered and all are approved by National Commission for the selection of medicines.⁽¹⁾

The choice of the drug by the above mentioned committee is the responsibility of a Central Committee. Such a committee is composed, in the developed world of 16 members, which 2 members represent the patients while the rest of them represent the specialists doctors and pharmacists in the fields of communicable diseases, family health, pharmacology, health economics, and epidemic, in addition to other precise medical specializations.⁽¹⁾

medical circumstances at that particular region

¹ . The National Committee of Choosing the Drugs is not independent body like what was going on in the Western countries, it is linked to the Central government through the Minister himself where that create a very clear base for a conflict of interests.

¹ . What it should be as what it was in Canada. Where certification and approved of the Drugs to be registered at the Formulary is different from the

The choice of medicine depends on more than one factor, and more than one reason, though the economic factor plays a big role in the entry of any new medicine to the (Formulary) in Iraq. When the National Commission for the selection of drugs decides to choose a particular medicine, its decision is referred to another body, the Executive Committee, which decides to add that medicine to the list of the IDB. THE Executive Committee decision depends often on the question of the financial return and the scientific research derived from the use of that medicine.

2. The General Drug Program (GDB) (¹)

This program applies to the Iraqis who pay high fees for medicines, compared with their annual income. Its application depends on the size of the family and its income, its duration is for one year.

For example if a family spends \$500 a year for medicine and its annual income is \$10,000 the State through the governorate will cover that sum, after the family has paid the first hundred dollars.

The remaining \$400 will be paid in four installments during the year directly into the bank account of the family by the government. Thus , he would have paid only \$100 for the whole family.

The Eligibilities of the Iraqi citizen for the General Drug Program (GDB)

process of choosing the drugs for distribution by the government.

^¹ . This program for ordinary Iraqi citizen and those who are not falling under the previous program (IDB)

The following conditions must be fulfilled by any citizen who intends to benefit from the (GDB) program:

- 1- The person must be the holder of health card issued by the governorate concerned, because the program is financed by the governorate.
- 2- The person is not eligible to receive medicines under the (IDB) program, (The first one)
- 3- The person has no health insurance policy to cover the cost of the medicine.
- 4- The person's annual income is less than a certain sum, e.g, \$10,000. However the drugs covered by this program are those approved in the IDB's lists, besides other medicines, such as major food supplements, Allergy medicines, and diabetic testing products.

3. The Special Drug Benefit Program(SDB)

This program is designed for cases of hospitalized citizen who is not covered by the medicines available under the (IDB) or (GDB) programs, or any other insurance program or so ever.

The Eligible citizen for this program has to meet the followings:

- He or she needs to be treated with an expensive medicine sold in the market where the Generic Products proven not useful and for some reason cannot be used.

- The medicine whose efficacy has not been proved according to the international standard, but had proved its efficacy on the hospital level.
- The very expensive medicines, together with its dangerous use, and in the absence of indication of their usefulness.

The necessary steps for the entry of Competitive Companies into the field of regulation distributing the Drugs in Iraq.⁽¹⁾

The following steps could be envisaged, as follow:

- 1- Their work has to be divided in two parts: the consultative part and the implementation part. Therefore, it is preferable that an agreement is reached, before the work begins, between the two parties, because Iraqi law of contracts ⁽¹⁾ does not permit the consultative company to choose the implementing company, as is the case all over the world. In other words, the consultative company's role is limited to the submission of studies only.
- 2- The implementing company should begin to market the idea through the writing of a project, or a special feasibility study, for each ministry. It will be better if a decision is taken to approve the project by the

¹ . Iraqi Health authorities having some difficulty of understanding the management side of health service delivery. That means they believe that their abilities are going beyond all experts level, therefore they start the project but then when they face the working problem they either continue the project in a bad direction or cancel it. In this event, it is an important step for all investment companies to start with awareness program of educate the high ranks officials even if they reject this step.

¹ Law No. 1, 2008

general Secretarial of the Council of Ministers with the participation of the Ministry of Health.⁽¹⁾

- 3- The marketing of the idea should be carried out on a professional basis, by the representatives of the implementing company.
- 4- The company concerned should study the logistical and technological realities in Iraq.
- 5- It is better if the project submitted by the company as of a turnkey type, and that the company obtains a contract for the management of the project for 10 years.
- 6- The company in question should consider the question of its registration with the registrar of companies in Iraq, beside other official requirements.
- 7- It is the belief of that the MOH will be difficult for its IT departments⁽¹⁾ to implement the project. Thus, the implementing company may be faced with this position and be informed that the computer department of the Ministry will carry out the work. But in reality, this point of view is not accurate, in that the project is bigger than the size of that department, from a practical and scientific point of view.

¹ . This is the Council consist of all the Ministries and headed by the PM

¹ . There is an IT department in each of the directorates or department, their duty mostly concentrated on fixing the office machines.

The project for the electronic linking of the health institutions in Iraq.

There are 229 government's hospitals and 50 private one, as well as about 3000 Primary Health Care (PMC) all over Iraq. (¹)

All these institutions are not linked electronically, between them and between the Ministry of health or their head offices at the Governorate. The information between all of them is transmitted either by hand or through the Excel program, by means of reports most of which are prepared manually (¹). Furthermore there is no statistical links between the health centers and the department of Medical Statistical Planning of the Ministry of Health.

The same applies on the program of Medicine Distribution to the citizens and the link of medical treatment prescribed to the patient.

Thus, there is a complete absence of information relating to the medical and electronic fields. The WHO has tried to build some bases for this project and has spent several millions of US dollars on this basic structures of the project, but nothing has been implemented.

The reason for WHO's failure in this respect is that it has entrusted the implementation of the project to Iraqi companies, which is one of the great risks, as they having a great difficulties of having skill and experience, the International company should use their own expertise of doing such project.

¹ . Mentioned number is not very accurate.

¹ . Most of the people working on the IT are chosen randomly, which reflects on the quality of work that they done.

There is a great deal of pressure to use the American software computer programs , and adopt them as base for electronic transfer of data from one department to another. The most important project of those programs is called a "World Vista",⁽¹⁾ , and the Iraqi Ministry of Health has been advised to use it as an open source. But the problem facing the use of such type of programs is that it needs internal capacity within the Ministry of Health to operate such program. Such a program could have a practical foundation or a basic structure in the informatics technology in the developed countries, but in Iraq there are no such capacities for this kind of programs.

But it would be for the interest of the international companies to adopt an international Software system and carry out the maintenance of the system for at least, ten years by hiring companies having international standard such as Turkish or Egyptian companies.

As regards the infrastructure of (IT) projects for the Iraqi Health connection where this can be considered the long term investment, the main important projects are:

- a- The project of the connecting Hospital and PHC for patient information.
- b- The project of health link among health centers.
- c- The project of follow-up of medicine users provided by the public sector.
- d- The project of transmitting the statistics among health centers with the analytic concepts.

¹ . Which is adopted by the Pentagon and then it becomes a free source program which can be used for as it called Data Base for programs such as (HIS) or others.

The practical points for companies desiring to compete in this project

The following are the practical points to help companies interested in competing for the project mentioned above:

- 1- The acquisition of a budget for the project, preferably from international bodies⁽¹⁾, for the implementation of this project, and if this is not possible, then the matter should be discussed with the General Secretariat of the Council of Ministers. The project should include an electronic system which has been adopted by the Iraqi government and not the ministry only, there is a committee within the general secretariat of the council of minister responsible for the adoption of the electronic system at all governmental offices ⁽¹⁾.
- 2- The writing of summary report of the details of the project, which should not exceed more than ten pages. The report should be submitted to the main departments of the Ministry of Health, General-Directors of Health in the governorates, and the important officials of the ministry.⁽¹⁾ in English and Arabic writing languages.
- 3- The use should be made of the teams of Turkish , Lebanese, and Egyptians companies working in Iraq. Iraqi companies should be avoided, however, there is a

¹ . Such as World's Bank or European Union, or from UNDP. Those three establishment will use their influence on the government of Iraq through the Western countries.

¹ . The project of (Electronic Government) and (paperless work)

¹ . In MOH there is 2 contract departments one with the main Ministry and the other with Kimadia, companies should be aware about how each of these department act in sense of accepting the proposal

need for an Iraqi consultant, who does not necessarily have to be a technician but could be competent public relations.

- 4- The use of the Arabic language in the Software project is important, so that there can be a switch between Arabic and English.
- 5- The responsible department in the MOH is the Administrative and Financial Department ⁽¹⁾ which should be first approached about the administrative aspects of the project. There is no technical resources in the Ministry at the present time where you can rely on.
- 6- The company interested in working in Iraq on this project should be prepared to train many cadres in the MOH, because of the lack of technical knowledge in this area.

Other specialist project Requiring Needing Initiatives from Companies

The following are projects, which need practical specialization from companies wishing to work in Iraq:

- a)- The transfer of data for diagnostician labs, operating theatres, X-ray, public and private clinics, within the hospitals to hospital administrator, statisticians, or the Minister of Health's Administrators.⁽¹⁾

¹ . It is headed by the one of the three deputies at the MOH

¹ . Each of the mentioned departments are running independently, the result is transfers manually by the patients or their accompanies. The technology of each part of diagnostic has special program which can each integrated with each others.

b)- Project for the patient's data and its link with the international patient's data Centers⁽¹⁾ for various diseases are linked with international treatment centers so that they know of what kind of treatment practiced in Iraq.

c)- Project for patient's data derived from X-rays or imaging Capital Devices, such as MRI, PET Scan, Gamma Knife..etc. and then sending to specialist at a specific Treatment Teaching Center in the USA or elsewhere for a complete diagnoses and accurate results.⁽¹⁾

d)- Project for the follow-up patients and their treatments, to know the cost of this treatment, the quality of improvement resulting from the treatment, and the types of medicine prescribed.⁽¹⁾

e)- Follow- up of children and their illnesses, and the knowledge of the patient's location beside the mother and the congenital defects during their life starting from the time of pregnancy.⁽¹⁾

f)- Project for evaluation of medical staff performance of employees and health providers , and its effectiveness in

¹ . Those Data Center having a full access for all kind of cases which work automatically or through full time specialist to give a full report on the cases.

¹ . As it called now TeleTreatment and Diagnoses

¹ . Such as Drug vigilant program or other where patients can be followed during and after treatment. In Iraq at the moment we have no such program serving this purpose

¹ . Maternity and its regulation one of the big challenge for the Health authority where it needs to be taking care of.

evaluating all those working in the hospitals and in the Ministry of Health.⁽¹⁾

g)- Project for the follow- up of the types of treatment and the cost of medicine and other issues provided in the treatment.⁽¹⁾

h)- The infra-structure project for the system and patients, and the linking of the governorates and hospitals with a Central Treatment Consultation team in the Ministry of Health.⁽¹⁾

j)- Project for the planning and health management, Human Resources and the regulation of the work between the health providers and management team ⁽¹⁾.

K)- Accounting project for the transfer of funds.⁽¹⁾

¹ . Employment Law one of the very complicated problem where the incentives and rewards are not clear. Whole law need to be reformed by international body to make sure it can meet the standard

¹ . The effective cost of the treatment is not required in all treatment projects.

¹ . Treatment of patients is depend on personal thinking, no set up standard for such task. MOH or its related department does not issue pamphlet or standard of such treatments.

¹ . The technology of health management is not been known between Iraqi authority as, the health system at this time runs with an Old Socialist Philosophy

¹ . All accounting offices at the MOH have no software such as Quickbooks or other for controlling on the funds transfers from the Financial Ministry to MOH

1)- Project for the follow-up of Inventory control, to know the figures of fixed and non fixed assets, beside finding all other figures which are used at the end of Fiscal year.⁽¹⁾

These programs must be available in all the health care centers, hospitals, and specialists centers in Iraq. This is a huge project, and the size of investment in it could be estimated at no less than \$2 Billions, at the beginning, and could rise higher.

The information technology companies, which has come to Iraq often have no specialization in the health field, nor have submitted to the responsible persons in the MOH anything to convince them of their competence in implementation. Most of them were owned by individuals, without any specialization in the health field. They have only general competence, which has led to the delay in the electronic development in the health field.

There is another matter , which should be mentioned here, namely the instructions of the Iraq Ministry of Communication, to all governmental department that they should go through the Ministry in any dealings relating to any kind of communication, and internet services. While their instructions are not legally binding, because they are not laws , but all ministries comply with them.

It should be noted that the Ministry of Communication is not known to possess capacities in the technology of Health

¹ . All Kimadia Storages contains million of Dollars but they are not under the surveillance of technology such as Inventory control Program.

information fields, thus all other ministries complain of the poor services provided by that ministry.

However, when companies wishing to deal with the matter they can avoid the issue, in one way or another, by entering into negotiations with the Ministry of Communication in the implementation of the infrastructure for communication, or to participate as a joint venture with the Ministry in the implementation.

However, I believe that, at the present time, the commitment to use the services of the Ministry of Communication, could be temporary for the reason that the Government can hire a large number of employees as a political step of helping the huge number of university graduates.

The most successful way, which a company can use to prove its ability, is to ask the MOH to implement a very small project or a model for a small hospital or health care center as a pilot study, in a governorate or in the Medical City, near the MOH. While the company will spend a small sum of money, in building of such a model, free of charge, but such an action will be the door for marketing the idea for acceptance by the Ministry of the Communications in all hospitals and health centers.

Drugs

Before entering the into the field of investment in the medicines sector, we should be aware of the links between Iraq and internationals treaties, the most important of which is the Treaty of International Trade.

The Relation Between Iraq and the (WTO) and TRIPs

Iraq spends a huge sum on the health sector (10-12% of the general revenue), which does not correspond to the size of the health care services provided to the citizen, compared with the health care services provided in the neighboring countries. We appreciate the difficulties in the transitional process which occurred in 2003, through which the successive Iraqi governments have inherited , since that date, a huge chaise reflects on health care, administrative, technological, or legal. Therefore we have to realize that we need to reach the requirements of this era in term of technology, management, and organization.

The World Trade Organization (WTO) which was established in 1994 is one of the most important international organizations, which plays the role of the organizer of trade treaties between its member States and provide a frame-work of rules for international trade. Such as rules often tend to encourage the Third World States to benefit from the expertise of the States of the developed world, and seeks their assistance in the development of their commercial projects which are needed in the building of their trade and economy.

The WTO's rules cover wide areas of the industry and the scientific discoveries, realized by the universities and multinational companies in the West, which were moving somewhat freely , or the rules which existed before 1994, did not include such scientific divisions in the West.

After 1994, a conference was held in Doha, under WTO's laws, to discuss the question of trade in scientific discoveries (Patented). The conference was called "TRIPS", a treaty was adopted by WTO entitled agreement on "Trade Related Aspects of Intellectual Property Rights" (TRIPS), which deals with the question of inventions in the field of medicines, which patented by the companies own the medicines in question.

The section 13 of TRIPS ⁽¹⁾ provides for the application of the agreement to all medicines, which are still patented in member States of WTO, and to limit trade in such medicines in 1995, as regards the medicines before that date, they were not covered by TRIPS, from a legal point of view. Article 4 of that agreement ⁽¹⁾ requires the obtaining of permission from the company or the individual owner of the medicine or the scientific discovery (most of them are multinational companies within PHARMA ⁽¹⁾), before producing the medicine in question, or selling it, in member States of WTO. This means that the western patented medicines will not be allowed to be produced in the Third World Countries, or any other country, other than the country where the medicine is licensed. This

¹ . Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder (www.wto.com)

¹ . *Most-Favored-Nation Treatment* (www.wto.com)

¹ . Multinational Brand names Manufacturing companies group form this gathering against the other front of thousands of Generic Manufacturer where this first group consider the second as the main threaten to their business in drug industry.

seems to the majority of people that the limiting the production of medicines under TRIPS will band the Third World Countries the right to produce medicines which their people need. but the situation is not as bad as it seemed, with respect to the monopoly of pharmaceutical products, their production and distribution in the world, especially in the Third World Countries., because there are two important provisions in TRIPS Agreement, which Iraq and other third world countries should benefit from concerning the dealing with medicines patented by giant companies. These provisions are:

1- Compulsory licenses

TRIPS Agreement allows the governments of the whole world to acquire a compulsory license from the company which owns the patent in a particular medicine, and sell it, produce it, or imported it in the concerned country. This means that the company which owns that medicine will be obliged before the WTO to grant a marketing license for that medicine at a reasonable price as determined by the concerned State, for its people. This can be done by Iraq through the submission of a legal and technical request to WTO. In this case and quite often, the company which own a particular medicine would, voluntarily, grant the required license to a country like Iraq, which has gained the sympathy of the whole world with respect to the needs of its citizens to health care services.

As regards , Iraq will determine the price of the medicine, in the light of the price of purchase from the company which owns the medicine.

It may be asked : what is the benefit in this case to the producing company? The answer is that, according to the TRIPS Agreement, the country which acquires the license has to pay adequate remuneration to the producing company. Therefore, Iraq can make an approach to the WTO, in order to benefit from many scientific issues relating to new medicines, especially cancer ones , genetic modifications, AIDS. It can request WTO to obtain a marketing license, be it compulsory or voluntary, from international companies which market any medicine in the West. Although article 31 of the TRIPS Agreement ⁽¹⁾ lays down some restrictions on the acquisition of such a license by Iraq, the important thing is that Iraq has to submit arguments based on its copyright law that is applicable in the country, which would allow the WTO to apply its relevant rules to the grant of a license. Since we have no law in Iraq which regulates the copyright system of scientific discoveries, therefore we must submit one proof only to the WTO in support of our application for a license from the company which produces the new medicine. We should also state in the application that we wish to benefit, medically, from the new discovery. This is a logical matter and can be submitted easily, thus we can say that we want to reduce the price, for example, of Zolidronic acid, to enable one million persons to benefit from it in their medical treatment. The annual income of an Iraqi citizen

¹ . Article 31: named: *(Other Use Without Authorization of the Right Holder)* (www.wto.com)

does not exceed \$10,000 , which means that the price of the medicine sold by the government to the Iraqi citizen should not exceed 3% of their income, or a similar percentage.

The reduction of the price of the medicine, even if it is rejected by the producing company (Novartis) for any reason, the WTO will grant Iraq a processing license to import that medicine from Novartis and selling it, for example, until the question the legality of the Iraqi request for a license to import the medicine and its sale in Iraq is considered. Very often, the producing company, Novartis in our example, will enter into prolonged negotiations with Iraq about the price of the medicine, or involves the rule of WTO. In the two situations just mentioned, I believe that Novartis would not be able to prove its case against the legitimate case of Iraq to possess the medicine for medical treatment and not for commercial exploitation. However if we suppose that Iraq is trying to buy medicine at a given price and sell it at a higher one, hoping to realize a financial gain for its company, Kimadia, in this case Novartis would have the upper hand before the WTO , or the courts.

In fact the provision of the TRIPS Agreement mentioned above, applies not only to developing countries, but also to the developed countries too. Canada has been able to benefit considerably from TRIPS in its well-known health, for its citizens.

2- Parallel imports

When a company owning a patented medicine offers its products in a given market, it will have protection for that

medicine, as is the case in the US, for example. Very often, other companies export the same product , and without the knowledge of the owner company (Novartis), to other countries, such as Canada or India. In this case, a third country, Egypt , for example, import that medicine from Canada or India, but not from the country in which Novartis has the right to market the product. Egypt's action. In our example, does not constitute a violation of the WTO rules or rights, and the Egyptian copyright law which allows the importer of such products from the second State (Canada or India).

This provision of the TRIPS Agreement has been used by several States to obtain important medicinal products from other States, even though these were still patented, such as South Africa, which imported AIDS expensive medicines (Crixivan& 3TC) from India because South African law permits the use of that provision for the import of medicinal products or the basis of parallel Imports.

In Iraq, we can import any new or old medicine, which is still patented, from a third country on the basis of this important legal provision without violating the rules of the WTO or the TRIPS Agreement.

There are several States which had benefit from these legal provisions, such as Brazil, Argentina, India, Thailand, and China, in obtaining any new product from markets other than those of the producing company.

Conclusion

- 1- Iraq should know the names and uses of any new medicine discovered in the world (advanced medicine), and should identify the Western countries which permit the marketing of that medicine in the markets ⁽¹⁾.
- 2- Iraq should determine the possibility of benefiting from the new scientific medicine product, if it is considered useful to enter into the priority needs of the Iraqi citizens ⁽¹⁾.
- 3- The movement of the new medicine from its country of origin to another country should be monitored, such a country is often an industrial one, such as Brazil, Argentina, India, and China.
- 4- Iraq should enter into direct negotiations either with original producing companies using the WTO rules, namely the Compulsory Licensing and the Parallel Imports, or the second producing country relying on TRIPS rules, for a very reasonable price suitable for the Iraqi market and the citizen rights and needs ⁽¹⁾.
- 5- All legal negotiations with international companies must be carried out with full knowledge and awareness of the international status and laws of the producing companies in the world ⁽¹⁾.

The role of investing companies in this context is to lead the negotiations, from a legal logistical and production points of

¹ . Iraqi committee of choosing drugs need to be organized in a way to be semi governmental and it should be in dependant in its decisions.

¹ . Very important to know that not every new invented drugs would be usefull for Iraqi situation.

¹ . Iraq is not considering at this time as a member in WTO and TRIPS agreement

¹ . All such negotiations should be carried out through a special bureau whom they have experience in this task

view. However, the best approach would be that a producing company takes clear position between the negotiating parties, in order to achieve the production of medicines which could be offered to Iraq for the acquisition of the original medicine and at good prices too. This can only be achieved through a contract of long duration with the MOH or health authorities in Iraq, identifying the kind of medicines and production which Iraq needs from such companies.

This would be similar to what had happened in Africa regarding the special medicine for HIV, which has been produced by those companies to help Africa in solving its financial problems in the provision of medicine to patients.

Chapter 10

Investment in Pharmaceutical Products

There are several ways of investment in the field of medicine, each of which has its own method in its work and achievements, in the light of the nature of investment derived by a company.

In order to have an effective operation, there should be a full study by a consultative office working in the relevant area of

investment. Thus, the following are the areas of investment in Iraq:

- 1- Investment in medicine production.
- 2- Investment in medicine marketing.
- 3- Procurements & Warehousing.

1. Investment in Pharmaceutical drugs production

The Iraqi Ministry of Industry owns the medicine producing factories of the public sector, and not the MOH. Therefore the investor has to discuss with the Ministry of Industry the production aspects, though the buyer, or consumer of the medicine is the MOH. Thus, the investors have to market their ideas in the areas of production and investment of medicine to the two Ministries, the first being the owner, and the second the buyer ⁽¹⁾.

There are two ways in this context, one is to work with the public sector and the other to work with the private sector. Both sectors are important, therefore the investor has to consider his situation and aim, in order to identify which sector he needs to work with. This is a fundamental question, because working with one or the other of those sectors requires

¹ . All drugs manufacturing factories had moved from MOH to Ministry of Industrial during after the second Gulf war as it become a target for International inspection

some specialization. The same applies to future work and investment in Iraq.

Many international companies insisted on working with the public sector in the production of medicine, in the past, in preference of the private sector. This was based on the belief that the public sector was the prevalent one and the guarantor of investment in Iraq. While there is some truth in this belief, but it is not necessarily the applicable vision of other companies interested in investment in Iraq. Some of the big international investment companies began to see that the private sector is the shortest road to investment in the medicine production sector, because it is easiest to work with and it is the most flexible one.

The scenario of investment in the public sector in the field of medicines.

Iraq owns 2 big and 4 small pharmaceutical factories which are run entirely by the government. They were established in the 1960's when the idea of establishing a factory for medicine production began to rise. Then the number has increased to seven or so, at the present time.

The production of these factories is at a low level, and they are run in an incompetent way, they have not realized any profit in the past years, and they constitute a heavy burden for the government and a negative reflection on the State. Therefore, the government began to consider seriously to get rid of this burden, and started to view investment and partnership with international companies, as a means to that end.

Because of the difficult and complicated circumstances in Iraq, at the present time, there have been not many positive initiatives by the State in this direction. Furthermore, there has been a fear that the privatization of the State factories may cause a popular agitation, besides the absence of a clear vision and options on the part of the leaders of the modernization of industry in Iraq.

These factories have a large number of workers, officials, and others who benefit from their existence in their present form, hence the fear from privatization.

Many companies have tried in the recent past, to enter in Iraq in cooperation with the Ministry of Industry , but have failed, many reasons including:

- a-** The absence of precise statistics relating to the investment area ⁽¹⁾.
- b-** The lack of government support in bringing pressure to bear on the Ministry of Industry to provide precise statistics.
- c-** The lack of initiative and the absence of the clear strategy on the level of investment institutions ⁽¹⁾.
- d-** Some of the most important factories for investment are located in non secured areas ⁽¹⁾.

¹ . Income statements and other assets

¹ . The employees of public sector should receive an order from the higher level in order for them to go into the direction of investment

¹ . Samarah and Mosil are not very stable comparing to the South and North of the country

- e- The absence of Consultation to the State from the international investment entities in the industrial field, to move into the investment circle and project implementation.
- f- The banking and judicial systems are essential factors in the encouragement of investment in Iraq, but, unfortunately, they are not adequate, at the present time.

In order to enter the international investment companies, to invest in Iraq, in the public sector and State factories, there is one way, which can achieve that and provide comfortable and good environment, as follow:

- 1- A partnership can be created between an investing company such as Pfizer, Apotex, Sandoz, with one of the State factories, on the basis of 76% for the investment company, and 12% for the Ministry of Industry and 12% for the MOH. This formula is the guaranteed stated by the Iraqi law in partnership between the government institutions and others.
- 2- The best type of partnership is sharing all kind of asset which is belonging to the State including the Real Estates with the investing company including the land, on condition that the State will offer a loan to the investing company, the equivalent of the price of the land. The company should, in return, transfer the technology to Iraq, in the full sense of the term.

- 3- A solution should be found for the surplus of labor and the training of Iraq cadres, in agreement between the investing company and Ministry of Industry ⁽¹⁾.
- 4- It is preferable to give the Ministry of Industry 12% or less and sitting at the Board of Directors with the investing company, so that the power of decision making remains with the investing company as it has the majority. If the State reject this option, then negotiations should be carried out directly with a view to a gradual transfer of the share of the government to reach 24% or more, within three years.
- 5- The practical steps for the industrialization should first, begin with Packaging stage then half manufacturing, then the full production of medicine.
- 6- The investing company must be responsible for the marketing of the products and no other company should carry out this tasks, as is the case in the West.

The known international companies, which have a big influence in the market, such as some of multinational companies, as well as Arab companies, e.g, the Egyptian Holding Company and the UAE Julphar company, should take the initiative in entering into partnership with the Iraqi government.

¹ . All governmental employees need a full rehabilitation course on all the aspects of employment

Those two companies have a good knowledge of the Iraqi market. Other big Arab companies in the Gulf area, as well as Turkish companies, such as Abdi Ibrahim and Axibashy.

It may be preferable and surer to work with the private sector than the public sector, in the area of industrialization of medicine, for many reasons. The most of which is that the open- market trade and the industrialization are adopted policy of Iraq, as laid down in the Iraqi constitution and legislation, after 2003. The legislation under consideration by the State in the parliament or the governorates, confirm this policy. The way has been opened in this direction by the Investment Law , 2006, which the government applies to investments.

That law has created the National Investment Commission, responsible for all aspects of investment, and linked to the Cabinet.

Iraq is not yet a member of the WTO, and not a party to the TRIPS agreement. However, the latter enables Iraq to exercise commercial and industrial activities, with ensuing benefits in the areas of medicine industry, price and acquisition of medicine. These concepts have previously been presented in a report to the MOH.

The field of Pharmaceutical industrialization in Iraq, contracting with the government, and import of medicines will be a fertile field for competition between the international companies wishing to enter the Iraqi market, and reach the consumer, if the ideas expressed in the said report are to be put

into practice. This could be achieved through a number of projects and activities, as follows:

1- The establishment of a big factory to meet all or most of Iraq's Essential drugs, in an initiative from a giant multinational company, such Bayer, GSK, Novartis, MSD, Pfizer, Lilly, Hofman la Roche, Schering, Boheringer-Ingelheim, Abbot and other multinational companies in the world.

The same applies to Arab and foreign industrial companies, not necessarily the original ones (Brand), but companies which produce Generic drugs as well. This option can be realized by multinational companies, rather than national ones, as the case in the establishment of factories in Egypt and Lebanon and other neighboring countries by Pfizer company, as well as , by Novartis and GSK, in other Arab countries ⁽¹⁾.

- 2- Big European, American and Canadian and other companies, which produce various types of medicines, such as Apotex, Sandoz, Julphar, Tabook, Abdi Ibrahim and others , should take the initiative in building a huge factory for the production of medicines in Iraq ⁽¹⁾.
- 3- Indian companies, especially the first ten in the Indian industrial hierarchy , such as Cipla, DR. Ruddy, and Ranbaxy, should take the initiative to open branches in

¹ . Preliminary talks with these companies are not rejected

¹ . Either as a joint or its own ventures

Iraq, and compete with Western companies in the production of those drugs, which are still patented.

- 4- The same applies to companies such as the Indian companies as Lupen and Claris, and other companies, which produce medicines for Cancer treatment ⁽¹⁾.
- 5- The approach by companies in Saudi Arabia, Syria, and Iran, to the Iraqi government for the joint financing of the building of joint factories on the free zone area between these countries and Iraq, and thus benefit from the facilities offered in these zones.
- 6- The companies of the Second world, such as Malaysia, Indonesia, Brazil, and Australian and New Zealand companies, have excellent opportunities to build factories for the production of medicines in Iraq.

The above mentioned six options face certain important challenges in the implementation of huge strategic projects.

The executive authority in Iraq has to realize the importance and the necessity of such projects.

It seems that such realization has began because a group of parliamentarians have taken the initiative to establish a project for securing the medicine supply. The State is searching, at the present time, for a way to solve the crisis of medicine availability, in Iraq through the entry of foreign companies without causing criticism that such companies would control the medicine sector in Iraq.

¹ . For the products of drugs distributed by government only

The details and the importance of the investment operations in Iraq are not known to Iraqis particularly some members of parliament and some political groups. They treat any cooperation with international companies as a sort of submission and an aspect of Imperialism. This is not surprising, given the complicated political history of Iraq.

Other countries which have moved from a Socialist system to a free-market system experienced the same feeling. However, Iraq differs, somewhat, from those countries, because of its great financial resources.

The most important challenges meeting the investor in Iraq are:

- ❖ The political and legal situation.
- ❖ The investment situation.
- ❖ The implementation situation.

The biggest challenge is probably the political situation, because the establishment of such a huge project requires a lot of understanding on the part of the executive authority, especially the Prime Minister and the Ministries of Health and Industry ⁽¹⁾.

Therefore, the marketing of the project should be started by the big implementing investing company, perhaps it might be more effective to have discussions between the government than between the company and the MOH or the Ministry of Industry, only.

The practical application of the project through financing may be carried, jointly, by the Iraqi government, the private sector,

¹. That is why my recommendation to the investor to go into the private direction

and the investing company, or through a treaty between the two countries, or by a third party, such as the World Bank. Each of these options has its own implications, but I suggest that the implementing company should itself consider carrying out the project, without getting involved in partnership with Iraqi government institutions.

This does not mean that the government should be unaware of the project and its details, but it means that the government would not have the legal means to restrict the investment in this context.

Perhaps a 5-10% participation by the private sector would have positive consequences and the participation of the MOH and Industry of no more than 5% would also have a positive effect, so that each party would benefit from the project.

The project will need almost \$250 million, at its first stage, which should include all what it needed in terms of a building, machinery, and a quality control system and others. On the other hand, \$100 million would perhaps represent the operational capital of the project, which the Iraqi government would not hesitate to spend in this context.

However, the public sector approach is not recommended to have an upper hand or at the stage of decision maker, therefore an a feasibility study should be carefully carried out, in association with a consultative office and Iraqi economist.

The kind of contract between the investing economy and the Iraqi side should be verified by the company, and it would be preferable to have it concluded through an international law office or firm, and should include guarantees from the Iraqi government to the investing company.

The challenges for the investment in this context are the financial logistical, the location of the factory, in particular, and the details relating to the work and its implementation. The governorates of Najaf, Karbala, and Diwaniya, in the middle and south of Iraq, may offer the more suitable location for the factory. This is so, because those locations are about 160 km from the center, the availability of roads, security, and other factors of interest to the Ministry of Industry.

The laws applies by the MOH, at the present time, are weak, therefore the way it is likely to deal with the question of such a project may have some negative aspects. However, the Ministry is expected to treat the products of this company favorably, because it will meet the Ministry's needs for medicines and health products as it considered as a national local manufactured ⁽¹⁾.

Another obstacle, which needs to be tackled, realistically, is to be applicable laws for the registration of health products. These laws do not meet the international modern situation, which they are supposed to match. The real situation requires speedy registration of the investing company, and the provision of guarantees as to the purchase of some of its products, exclusively, for a fixed number of years. This can be described as a step for the encouragement of investment in Iraq.

There are other positive matters for the protection of the national products, such as:

¹ . Once the products consider as a local manufactured then the MOH is obligated to buy the products without going through tendering and compete with international companies

- The products of the investing company are not announced for bidding and can only compete with national products in the area of prices.
- The product testing of the national investing company's should take place at the company's locations, instead of the official testing, by the taking of random of samples.
- The payment in advance of 50% of the value of the contract with the investing company by the public health sector.
- The priority should be given to the national products in the supply of medicines.

The international companies interested in investment in Iraq should take those four fundamental matters into account, as a mean of protecting the Iraqi national products.

In its efforts to meet the needs of the public sector for medicine, the MOH announces one or two bids annually through Kimadia. But these bids are announced one year later than scheduled, thus the bids for supplies related to the following year. This old way of supplying the country with medicines, for two years in advance, encounters a lot of problems and obstacles. During this time, there would be changes in the logistical and market situation in Iraq, as well as the use of medicines and the expiry of the copyrights.

In the light of this scenarios, the following classification and proportion of medicines, according to the last bid, are as it shows in Appendix No. 2

The above schedule represents the number, but not the financial quantity, of the products announced by Kimadia for 2012, to cover the expenses of the public sector for 2014.

As can be seen from the above schedule and the information mentioned earlier, there are lots of deficiencies in the process of procurement of medicines to the public sector which is the same policy of the previous regime. That means it is an initiation from the international companies, especially those wishing to enter into partnership with Iraq, for a long period of time, e.g Pfizer, GSK, Sanofi, Julphar, these companies should take the initiative to submit a plan better than the one followed by the Ministry of Health during the era of the Socialist system prior to 2003.

Such a plan should provide a strategic and effective policy for a central budget for the purchase of medicines, and the central supply for the public sector, as is the case in Jordan, the UAE, and other countries.

We shall now discuss two strategic projects, as a replacement for the present policies of the Ministry of Health. The first , I shall call the national industrialization and supply to MOH, which entails the partnership of giant companies with Iraq in the production and supply of drugs, the responsibility for which should be with these companies, as mentioned earlier.

The custom-made company project.

The origin of the concept of a new custom-made company is not new in the field of industry, generally, be it in the field of medicine sector, or other consumer products. The concept is

derived from two factors, namely, the economy and reduction of cost and the specialization and precision in the production.

Giant companies in the field of Health care production, such as Pfizer and GSK, grant license to a large number of companies to produce their products, which are marketed under the name of those multilateral companies (Pfizer, and GSK in our example). This practice is most limited to the production of drugs only, but it applies to other spheres of production, for example, our cars and homes are not produced by the company whose name is put on the product ,e.g, Mercedes, or Dodge or others, as number of manufacturers shares in making this car as is.

In Iraq, the government has all the means to provide health products to the Iraqi people, through Kimadia company. The latter buys the medicine, imports it, regulate it, and distribute it to the people.

In other countries, one may find that the company distributing the medicine lacks one of the four elements just mentioned. For example, in the UAE, the government is not involved in the import or sale of medicine, while in Jordan the government is involved only in the process of regulation, as is also the case in Canada and Europe, as for the US. The State is not involved in any of the operations which convey the health care products to the American people.

In Iraq the State is owning a complete monopoly on the medical products and services, in that it controls the process of its purchase, import, regulation, and distribution. Therefore it

can determine the price of medicine at the time of purchase and sale, as well as the applicable law which facilitates these processes. Based on the notion of monopoly by the State, MOH and Kimadia carry out all the stages of getting the medicine to the citizen. Priority should be given to the interest of the citizen, so that the medicine with the highest standards reach him, at the lowest price. Thus the State will continue to subsidize , financially, the medicine provided to the people, through the 4 processes mentioned above.

There is a great competition in the area of those four processes , for examples the Western countries. The law, for example , imposes a high rate of taxation on the purchase and sale ofdrugs, thus forcing the citizen to pay a high price for it, and so enabling the government to support the health care services, at the present time.

In the Gulf States , the State controls the public sector, the army and some categories of officials which enables them to reduce the expenses in the field of medicine through the four processes of medicine acquisition mentioned before.

This project entails the laying down of a supply project for 5 – 10 years, on the basis of an agreement between the Iraqi government and MOH, Kimadia, the factories of the Ministry of Industry, the private sector or the Iraqi investment companies and the international companies wishing to invest in Iraq.

The project will include the following stages:

1. The first stage: The production of material should be done outside Iraq, and the finished stage in Iraq, e.g, in the case of tubes, bottles, or tapes as well as any component for the industrialization process, and the establishment of a center (factory) for the bottles filling. The project should include a component for the training of Iraqi or non- Iraqi cadres, though I believe that cadres for the running of the factory should be from the outside producing company, with training for Iraqis there too.
2. The second stage: The half way industrialization of the products , e.g packages and bottles, with the transfer of the know – how and so on.
3. The third stage: The transfer of full production from outside to Iraq, with the running of the project by cadres from outside and from Iraq.
4. The fourth stage: The self sufficiency stage, which will enable Iraq not to import of such products from abroad, and turn it to the export of such products in competition with other manufacturers, with the advantage of better quality and lower prices for the Iraqi products.
5. The fifth stage: The stage of agreement reading the destination of the factory and its ownership, and the future production of the materials, in that either the factory is totally sold to the private sector or, be shared with the State to no more than 24% or something like that. However this percentage should be reduced eventually and sold to the private sector to 10% and the remaining State's share be sold to the private sector at the rate of 5% annually.

The total cost of the factory.

The total cost of the factory in Iraq is \$150 million, with 50 million added during the next two years for the development of the factory in the areas of quality control, training and the covering of the general needs of Iraq.

The factory should cover 50% of Iraq's need for the products, during the first year the factory's income will recover 20% of the capital each year, plus 15% profit from the production, which is distributed to the investors and workers. On the other hand, a part of the income goes also to the State, according to its share, be it to MOH or Kimadia.

The same applies to the import of products by the MOH, at the present time, paid for by hard currency derived from the oil export, thus leading to the loss of this hard currency.

When we import what we need for health care in Iraq from abroad, in hard currency, we are losing it instead of benefiting from it within the country.

As an example only of similar projects to what have been mentioned above, the following may be mentioned:

- All kinds of blood- bags and their relevant accessories,
- Haemo, and Peritoneal Dialysis such as liquids, tubes and filters, and their other components,
- Medical furniture, such as beds and chairs and so on,
- All Disposables medical kits, clothes bags and others, All syringes, kits of the various kinds and forms,
- Medical bandages of all sorts,
- Artificial limbs and their components,
- Various labs reagents,

- Allergy reagents and machines,
- Hospital medical sterilization,
- Surgical sutures and threats
- Treatment of all kind of medical waste
- All Generic Medicine
- Various computer systems and software
- Rehabilitation of the existing hospitals,
- Management of hospitals and health centers,
- Building of new hospitals ,
- All vaccines,
- Pre and Neo Natal diagnostic tools.
- All lab projects.

Those projects, and other one not mentioned, would realize the notion of developed supply system, and would meet the needs of the MOH and Kimadia at the present time , for the import of medicine and medical supplies from abroad, thus, the needs of the Iraqi citizens for medicine would be secured.

As mentioned earlier , seven to ten years will be needed to achieve the aim of full ownership of the health sector factories ,and supply Iraq with what it needs to transfer to the industrialization stage.

All this can be done, from the first day following the agreement regarding the principles of partnership in the factory, without changing the forms of full supply. In other words, there will be no delay in the process of covering the needs of Iraq for the provisions of health care, from the beginning of the said project.

The preparations for the success of the new idea of supplies.

There are four major elements necessary for the success of the project, which are:

1- *The human element*: This one is the most important element necessary for the change from the old system to the new one, in that it shows the importance of the change and its limits, and help those responsible of the project in the MOH to understand the implications. In addition, there will be a need for a scientific and intellectual input from outside the Ministry. We have to realize that the process of change cannot come from within Kimadia or any other institution which will be required to change its work policies, as a result of a change. Many of those interested in this matter have, in a limited way, tried to change the system without results, because of the belief that the change must begin from within Kimadia. ⁽¹⁾

Those who are within an institution, cannot see or realize the errors in it, but see the right as a wrong idea, and vice versa. The advice of a consultant must be sought for a transition plan, for the purpose of making available team for the change ⁽¹⁾.

2- *The legal requirements*: There is a need for competent people who can amend the laws and can draft new ones too, in the area of the law of government contracts, which

¹ . Kimadia is just a purchasing company, it is not its responsibility to look after the quality as the quality is such department linked to the Ministry, that means a lot of information does not flow smoothly from one department to others.

¹ . See Peter Draker, 366 days of management

are suitable internationally and nationally in Iraq and are needed in the country in the MOH. Such new laws would regulate the supply system of Kimadia and the legal framework for it ⁽¹⁾.

The following are relevant in this area:

- *The amendment of Kimadia's internal By-laws, relating to the questions of bidding and contracts, the consideration of contracts and their opening, and their translation into a realistic situation, is a necessary process in this context. Such a process can be done with the help of big industrial companies, in the industrialization of supply projects mentioned earlier.*
- *The review of the instructions of the Government Contracts Law No. 1, 2008, which is based on the notion of purchase, rather than economic partnership, in the announcement for contracts, their estimated cost, the selection of contractors, and the signature of contracts.*
- *The introduction of legislation for the purchase for supplies for a period of more than one year, and the concluding of a long-term contract, according to the needs of the country. This should be carried out in a special law in the area of government contracts, which should ensure a special status for health which is different from other imported, or supplied products.*
- *The adoption of the billing system only in the government dealings, instead of the payment through the banks.*

¹ . Legal issue is the one of the big challenge for the new government to solve

3. The financial requirements: The necessary funds for the industrialization of supply project must be made available, which it is believed, should not be more than half the annual budget of Kimadia (\$1.00 Billion). This is subject to the existence of the legal protection of the investment capital by the investment institutions in Iraq, as well as the assurance by Kimadia of marketing the products for a long period of time and not just one year.

4. *The logistical requirement:* This element requires the availability of land for the project, as well as other elements necessary for the change of the system.

International law.

The international law provides protection for the companies which produce health care products , within the system of the right of ownership and copyright (Patency) in Western Europe, the USA, and Japan. By contrast, in the East and Latin America, generally, patented medicine does not enjoy the same protection. It was not until the creation of the WTO and the adoption of the TRIPS Agreement that things have changed in the East, while patented medicine began to enjoy protection by means of special regulation. This situation should be discussed at the time Iraq decides to join the WTO. At the present time, Iraq is free from the obligations imposed by the WTO and TRIPS Agreement, therefore, the planning now should be done, taking into account this independence. This means that the international rules do not apply to the production of the patented medicines. Therefore, Iraq and the MOH should, in the prevailing circumstances and the State of stagnating

economy, consider seriously the rationalization of the purchase process of medicine provided to the Iraqi people, be it at the public or private levels. This way, the citizen will be provided by the best quality medicine at the lowest cost.

The actual situation.

The actual situation is as follow:

- 1- Kimadia supplies, at the present time, nearly between 25-50% of the needs of Iraq for medical products, for the public sector, while the private sector supplies the remaining to what MOH needs. In doing so, Kemadya acts on an independently basis, i.e, it may import Amoxicilin 500mg, from (X) country, then it imports Amoxicillin 250 mg, from (Y) country. It also varies the sources from which it imports the products, for example, it buys 10% from company(A), 20% from company (B), and 15% from company (c), and so on .this means a loss of 5 – 10% by Kemadya, that could be obtained if the bulk purchase system is adopted instead ⁽¹⁾.
- 2- Kimadya deals with the medicine – producing companies in a passive way, in that it considers only the offers made in an invitation to bid, instead of itself searching for the best sources for the purchase of the health care products, from the point of view of quality and cost, this is what is meant by the passive way of

¹ . That is because of the un willingness of change and hesitating that may lead to more questioning from others

dealing by this company. Kemadya knows of what health care products are produced in the word only through the offers which reach the MOH. Nor does it take the trouble of searching for sources with high quality and financial advantage (¹).

- 3- The prevailing belief in Kemadya is that the giant multinational companies, such as Pfizer, GSK, MSD, and Novartis...etc, produce better drugs than those produced by India, Chinese, Taiwanese, and Korean companies. This belief is derived from the old mentality which considers that pharmaceutical products is the monopoly of those Western companies, while the reality is different. For a lot of international companies (Brand names), in order to reduce the cost of production, incurred by the multinational companies in Europe and the USA resort to the *partial* manufacturing of their products by generic- names companies (¹).
- 4- Kemadya obtains from importing patented drugs, intentionally or un-intentionally, following the policy of the Western States which uphold the copyright principle. The result is that Kemadya pays a lot of money for expensive medicines, such as Glevic, and other very expensive medicine, which eat up perhaps more than 70% of its budget for health care products. In doing so , Kemadya aids the producing in Western

¹ . MOH making a law for itself not to look for the best for the supplies

¹ . employees of the purchasing department in all ministries are not updating themselves for what the new manufacturing and marketing policy

states, from the point of view of taxation and licensing charges .

- 5- Purchasing department pays 80% of the price of the product of the supplier on the delivery of the product whereas it should pay no more than 30% on delivery and 70% three or four months after the date of delivery of the products.
- 6- MOH lacks the date base of the professional assessment of the credibility and quality of the products of the companies registered at its technical department. It deals with those companies on the basis of price and origin, rather than the international standards approved by known organizations. This means that the international certificates granted to India and Chinese companies are similar to those granted to multinational companies (Brand names), and get preference is given to the latter companies in the grant of contracts specially for expensive medicine.

A suggested idea for the Ministry of Health.

It is suggested that, the manufactured health care products needed for Iraq, should be entrusted to an international company, be it Brand or Generic, from the West or the East. This can be achieved as follows:

- i. Three or four internationally known companies, such as CIPLA, Pfizer, Ranbaxy, or Aurobindo....etc. should be

invited to enter into partnership with Kemadya, for the production of all the pharmaceutical products needed for Iraq ⁽¹⁾.

- ii. Such companies GSK, for example, even though it does not have the right to produce Diflucan, it could do so in Iraq, on the basis of a license from Pfizer. In granting such a license, Pfizer would benefit from the sale of its products in Iraq, especially those which are out of patents ⁽¹⁾.
- iii. The company which produces the patented drugs, in Iraq will not be legally liable under international law, for several reasons, the most important of which is that Iraq is not a member of WTO. In this case, the producing State is not selling the products in its market, but selling it in the Iraqi market. The company owning the right to produce a product (Brand company), cooperates , very often with a (Generic company) for manufacturing and marketing as is the case of (Bosta), made by Lilly company, sold originally, for \$895 which cooperated with Ranbaxy company to produce the semi components of the medicine, then shared the profit of the Generic product.
- iv. Those companies should supply Pharmaceutical products to Iraq, according to a time schedule to be

¹ . Invitation should be done after MOH writing down the specific national projects.

¹ . License holding companies have the right to produce the active ingredients in any form of packaging for a specific customers

provided by Iraq, and delivery should be schedule on three- monthly basis. Payment for the shipments should be within 90 days after the delivery of the products.

- v. Pharmaceutical products have to be tested by an independent international lab, preferably an European or American one, before the arrival of the products to Iraq, or the Iraqi lab for Control of medicine undertakes to arrange the testing of the medicine, in a practical and speedy manner, in cooperation with the independent lab just mentioned ⁽¹⁾.
- vi. These companies undertake to produce the drugs needed by the Iraqi market and government institution, in accordance with a pattern agreed upon between the company and the MOH. For example, the Amoxil 500mg. should have on its red side of the capsule the name of the medicine, and at the yellow side the composition of it. The same applies to the external box, where the color, information, and the price already specified by the MOH, should be written. The Ministry can also request the producing company to send the supplies of drugs according to the needs of the Ministry.
- vii. After the agreement with the Iraqi side, the manufacturing company should undertake to fulfill all the Iraqi demands for medicine, labs, and chemical materials. It should also take the initiative in securing

¹ . The Inspection Laboratory officially linked to the directorate of (technical Department). In Iraq there is only one lab serving whole country

the licenses for the factory and production certificates from international origins.

The advantages of the suggestion.

the advantages of the suggestion made under the previous heading are:

- (a) The availability of all Iraqi needs of health products, at the lowest cost and from the best products of international manufacturers.
- (b) The monopoly of multinational companies (Brand) will be superfluous.
- (c) The shortage of medicine in hospitals and in the private sector will come to an end.
- (d) There will be a better control over distribution of medicine in a fair way and according to need.
- (e) The third parties commissioners and the intermediaries in Iraq will no longer be needed, and the waste of the public funds paid to them will be avoided. They could become part of the marketing process.
- (f) A lot of Kemadya's work will not be needed, thus saving those efforts for other financial purposes.
- (g) The custom-made companies will have to move to the second stage (the packaging of medicine in Iraq), within two years of the agreement with the MOH, then to the

production stage (API) in Iraq, within one year, and so on.

(h) The saving of a lot of efforts and money through a full control of the cycle of medicine , private and governmental.

The work plan.

The giant international companies wishing to invest and work in Iraq should submit the project, with all its particulars, to the Ministries of Health, Industry, and Planning, together with the economic benefits. It is suggested that the investing company should contact the MOH, directly, or through a special representative, to discuss the idea of the project.

The Brand companies, GSK, MSD, Pfizer, Lilly, Abbott, Astra-Zeneca, Boheringer-Ingelheim, Novartis.....etc...are the companies which can participate in such project, in cooperation with the Iraqi government. The same applies to the Generic companies, Apotex, Sandoz, Cipla, Dr.Ruddy, Ranbaxy, Julphar, Tabook...etc.

It is preferable that a continuous strong marketing of this idea of the project is done by the company itself to the MOH instead of waiting for the initiative to come from the Iraqi health authorities.

The Iraqi government and its policies will see in this project a political support for it, because it always faces shortage of

medicines in Iraq, which causes some pressure on the political leadership in the country

The economic return of the plan for Iraq.

It is certainly that the wholesale trading is more profitable than retail trading, therefore the cost of production by the investing company of huge quantities of medicine will be considerably lower, thus reflecting positively on the country's budget and the expenses on the MOH.

Furthermore , using this way will generate an atmosphere of competition between the manufacturing companies, which will result in a better quality and lower prices for the products.

On the other hand, this project will offer to the Iraqi cadres an excellent opportunity to learn about the field of health care production in the investing companies concerned and this enable them to raise their knowledge of this essential area of the county's economy.

The companies of the private sector will have the opportunity to enter this kind of production, in cooperation with the foreign investing companies.

There will also be a future health products manufacturing in Iraq, helped by the participation of the investing companies, chosen by the State. This stage will not only lead to the production of drugs, but will also lead to the production of chemicals relevant, to the medical field. The companies which are working in the this field have the opportunity to get into an

Iraqi stock market which is likely to benefit the economy of the State and of the citizen too.

Furthermore, Iraq would have an excellent opportunity to export drugs, which is one of the important economic resources to the country. The project would provide the environment for the establishment of research centers, which could lead to discoveries of medicines, which would be of interest to human health.

New channels for the marketing of products could also opened, and independent organization and labs, using international standards, e.g, FDA- Iraq, could be established.

The initial capital for the investment in this context should not be less than \$300 million, increasing gradually according to the plan, the long term vision of the investment and the export of the products. The financing of the project can be provided either by the participation of the Iraqi government from its annual budget, or from financial contributions from donor countries.

However, the most important step in the entry into partnership with MOH, on the basis of obtaining shares in the company partnership in the proposed company, or the establishment of an independent company, with the lowest share for MOH. This step is more important than the production stage, the shares in the independent company can be as follows:

- 49% for the foreign company.
- 25% for the private sector.
- 26% for the public sector.

These percentages could be altered in the light of discussions with the ministries of Trade, Finance, and Planning.

The role of the investing company will not be limited to production only, but can extend to the export and distribution of the products. In order to achieve this, the investing company has to reach an agreement with the MOH along the following lines:

- a) Kemadya will be responsible, exclusively, for the import of the health products, during the five years preceding the national production by the investing company. However, the latter should begin its field operations immediately after the conclusion of the agreement ⁽¹⁾.
- b) A written legal agreement should be concluded providing for the obligations of the investing company during the first five years, to carry out all operational logistics relating to the import of medicine, its testing and distribution to all Iraq 's health care institutions, e.g, hospitals, Drug stores, health care centers, clinics and so on, the collection of funds and any other relevant activity ⁽¹⁾.
- c) The Iraqi government and the MOH, in an agreement with the investing company, undertake to establish an advanced (Quality Control labs) for health products-testing, and a research centre for bioequivalence studies, for all the products, be they imported or locally produced ⁽¹⁾.

¹ . Or through the Popular Medical Clinics company

¹ . MOH should restrict all buying and logistic operations on the partner company

¹ . Quality Control lab suppose to be an Independent body in order for it to

- d) In order to prepare a plan that can accommodate the wishes of all the participating parties in the project.

The investing company undertakes to hold detailed discussions with the managements of

factories of the public and private sectors. In this way the provision of medicines to the hospitals and health centers can be done directly, by the factory, perhaps either on a weekly, or half-weekly basis, according to the needs of those institutions.

The Ministry of Health has to fix the prices of each kind of drugs, in advance, and through a prior bidding. This central supply system is followed in France, Germany, Canada, and other Asian and some Arab neighboring countries.

What has been said above is envisage for work by the investing company and the public sector. However, if the investing company wishes to work with the private sector, the case will be so much easier, in that the government routine and red carpet will be avoided. Furthermore the public sector will have to buy the products of these companies which are of high quality which other companies cannot compete with.

The details of this option have to be dealt with by a specialist consultative office, which could lay down the full and precise details of the future of the project and the challenge it is likely to face. This project is sound and is capable of a big economic return according to the previous economic studies.

2. The marketing of medicine.

The way in which the marketing of medicine is running in Iraq is nearer to a primitive way than to a professional planning as known in the West. The most important missing element in this context is the absence of specialization in the marketing operations. Because of the continuation of the policy of the previous regime in controlling the distribution of health care products, the first criterion of marketing now is the price, without regard to the quality or the scientific features.

According to law no.(21) 1979, and previous laws, the State through Kimadia has the monopoly for the distribution of drugs, and their sale to its own warehouses, which distribute them to the pharmacies at the Public sector health facilities. This circle of marketing requires no technique, science or competition, and it is just mechanical operation, with no special expertise in the field of marketing of medicine. Therefore many of the people working in this field have no specialization in this kind of work, but they have simply learnt this from practice. They consider the marketing of medicines is like the marketing of any other commodity.

In the 1990s, the States handed out the marketing of health care products to the (Scientific Bureau) of the private sector, which carry out, at the present time, not only the marketing, but also the economic aspects. It is important for the investor to understand the role of the Scientific Bureaus because of their importance for the private sector, and their strategic role in the distribution of medicines, or the medical field, in general.

The distribution of medicines can only be done through the Scientific Bureaus, or by the director-general of the

manufacturing company or a similar official, directly. This is an important condition for any bidding, and its absence in a bid will render the bid illegal, from the point of view of Kimadia.

The Scientific Bureaus are licensed by the (Union of Pharmacists), and the license is given only to a pharmacist from the private sector. The public sector pharmacists are not eligible. The law regulating the work of the scientific Bureaus is unfair and unrealistic, from the point of view of trade and investment. The State should adopt a new law to replace it, or abolish the Scientific Bureau, which are a remnant of the previous regime and are ineffective in the era of openness, which Iraq has adopted.

The establishment of the scientific Bureaus and their history of their role show that they were intended to give control over the trade of Health care products to the public sector and to deny the private sector any right to work in this field, except through the public sector. The idea of establishing the Scientific Bureaus were abolished by Decision No.(183), 1979 and were replaced by the Office of Medicine Information, which was part of Kemadya, to charge 10% commission on the suppliers, contracts. Then in 1998 the State permitted the Union of Pharmacists to grant licenses to scientific Bureaus for the promotion of health products. The new situation was created by Decision No. (60), 1998, and Instruction No.(4) 1998 ⁽¹⁾.

These Bureaus were permitted to charge 5% of the value of each contract. It is to be noted that the Scientific Bureaus is

¹. See the all above laws at: www.iraq-lg-law.org

only permitted establishments to *promote* health care products, but not to sell or market them, nor is it allowed to carry out any commercial transaction. It is different from the commercial offices, which are established by the government in 2000, by Law No.(51) 2000. The law regulating the commercial agencies, this law has excluded the Scientific Bureaus from the scope of its application, leaving their registration to the rules of the MOH. A comparison between the Scientific Bureaus and the commercial agencies may be made.

The law governing the Scientific Bureaus limited their role to the promotion of health products only, and the work is to be done exclusively by Iraqis. On the other hand, Law No.(51) has limited the right to be a commercial agent to foreign companies, be they Arab or Non-Arab companies, to the exclusion of Iraqi companies. Therefore, Iraqis had to travel abroad, to Jordan, UAE, and Lebanon, in order to register the commercial agencies there, then came to work in Iraq as agencies for foreign companies. This strange measures seems to have been intended as another form of opening the private sector, so that the matter is kept in hands of public sector, to be determent of the Iraqi economy ⁽¹⁾.

At the same time, another matter which can be considered as an opening for the private sector, namely, the licensing of wholesalers of health care products to any company involved in the wholesale trade to distribute drugs and other products after buying them from the supplying , or foreign companies, in

¹ . Both laws can be found at the governmental websites or as it just mentioned

conformity with the Law for Pharmacy Practice No. (14) 1998, which amended a similar law, Law No.(40), 1970 ⁽¹⁾

According to the law No.(51), 200, the commercial agents, in order to practice their profession, has to have a commercial office, and has to be a member of an Iraqi Chamber of Commerce with a commercial name, whereas the rules regulating the Scientific Bureaus require the owner of the office to be licensed pharmacist in accordance with Law No.(112), 1966 ⁽¹⁾

The commercial agencies law requires that the commercial agent must not be a government official, or is carrying out a public service, and that no more than three agencies can be registered. On the other hand, the instructions relating to the promotion of health care products provide that the pharmacist in such offices cannot be a licensed pharmacist or a responsible of a pharmacy, warehouse of drugs, health care products factors, or a lab, and can only work in one such office.

Further , all persons working in such offices have to be Iraqis. Any pharmacist who is a government official has to submit a written letter from his office, approving his continuation at his office, and the agreement of the latter for his work, after working hours. Furthermore, he is not allowed to work in more than one office, and cannot represent more than five supplying companies. The pharmacist has to renew his license, once

¹ . www.iraq-lg-law.org)

¹ . www.iraq-lg-law.org)

every year, whereas the commercial agent has to renew his license once every two years. A commercial agent is allowed to deal with any kind of commodity, without limitation, according to Law No.(51), 2000 ⁽¹⁾, by contrast, a Scientific Bureau can only promote the pharmaceutical substances which have been registered with the MOH, or those which are not barred for import by the Ministry, according to the relevant regulations.

Furthermore, a Scientific Bureaus manager is required to have a special book of account, which should be free from any space, rubbing, filling, or striking off, and register the amount of his commission in the book, and to keep records of the health care products received and the relevant accounts of the office, as well as the provision of a detailed account to the Pharmacist Union, containing all the expenses and revenue relating to its activities.

The author has submitted a detailed study of this subject to the Ministry of Health. The best scenario for marketing companies wishing to work in Iraq is to establish a Scientific Bureau, which not too difficult, if the present law is governing the work of the Scientific Bureau remains applicable.

Marketing options for investment companies in Iraq.

There is a lot to be done for the development of the marketing sector in Iraq, be it by the producing company, or the company

¹ . www.iraq-lg-law.org)

operating in the marketing sector, only. The most important areas of investment in this respect are:

- 1- The establishment of research consultative offices, capable of offering advice for the marketing of a particular health care product, as in the case in many parts of the world. These offices can provide a full study of the marketing situation relating to the or medical equipment in question and the need of the market, therefore. Among the companies which can enter this sphere of activities are the giant American companies, such as Global, Huron, or others as well as similar European companies, which often have representatives in Dubai or sometimes in Beirut.⁽¹⁾
- 2- The establishment of marketing offices, whose task is to market a particular product of a certain company, beginning with the registration of the product, then marketing it to the public sector, or the private sector, as is in the case of the important products which the manufacturing company abroad wishes to sell in Iraq, for example, Pfizer company produced the vaccine Pneumoeoccus. Pfizer has no special offices for the marketing of their own products in Iraq at the present time.⁽¹⁾

¹ . It doesn't matter where the location of the Consultative office located, the most important issue is the knowledge of how the Iraqi Health Sectors is operating. At the moment the big firm of Western consultation agent has not yet reached to the decision of the importance of Iraqi Market.

¹ . New medication need a lot of efforts to be sold in the Iraqi market as such what was happened at the Western countries. Even the Iraqi people love the new medicine for treatment, but still convincing doctors or MOH

3- The establishment of a big wholesale company in Iraq, which is one of the important and necessary matter missing in Iraq, which is needed to help the development of Iraq in the fields of marketing and distribution⁽¹⁾. There are now in Iraq perhaps more than 1000 retail pharmacies belonging to the public sector, and 6000 pharmacies belonging to the private sector, which sell the pharmaceutical products to the private sector. All those pharmacies, especially those belonging to the private sector, buy what they need from the wholesalers .

A term of wholesaler means a distributor or a representative of a company producing health products, who sells the pharmaceutical and health care products to the retail pharmacies, directly, or the pharmacist will go by themselves to these warehouses in Baghdad for buying their needs.

This is a very primitive method in the work and the distribution. What is envisaged as a form of investment is to encourage by companies to set up a huge centre capable of the distribution of health care products to all the retail pharmacists in Iraq, as is being done by the American - Canadian company, (Medis), which distributes not only what the drug stores needs in terms

need a lot of time and efforts.

¹ . Iraq having many small wholesalers but it is not performing the same idea of what was the idea of wholesaler does. Retailer Pharmacists still getting their commodities by coming by themselves to the place or shop of a wholesaler to pick what they need for a week

of pharmaceutical products, but also what the home and the office need. This way, the distribution process will be well organized in a good manner and through the computer. Moreover, the dispatch of shipments of products could be done through courier companies, such as DHL, Purolator, and Fedex and other important transport companies which follow a precise logistic system in the affairs of insurance.

The western companies, such as Agelian can enter Iraq, at the present time, through the latter company does not specialize in the field of medicine but has expertise in many other fields of logistic such as storaging, and distribution ⁽¹⁾.

- 4- The establishment of a recruiting company, which can provide the company with the needed specialist cadre in the field of marketing and sales, as well as other expertise needed by the companies which supply health care and medical services. Big international companies, which operate in this field in the Western world and Dubai, can established such as important company in Iraq ⁽¹⁾.

¹ . Storaging of medicine in Iraq is not very well setting as all the governmental storages which belonging to Kimadia are not met with international standard in term of weather condition and handling of goods. This section of investment is very lucrative as MOH having big difficulty of handling the huge shipment that come sometime a year head of their needs. There are more than 16 locations of storages belonging to Kimadia plus there are many dozens belonging to 18 governorates

¹ . The recruitment firm is not well known in Iraq as 90% of the employment carried out by the government which is not having the criteria of the qualification of the employee as the employment some time is a

- 5- The establishment of a Chain of drug stores throughout Iraq, with the inclusion of individual pharmacies in the chain. This can be done by many of the companies operating in Western world and the Arab States, an example of which is in the Saudi Arabian and UAE's pharmacies which have borrowed the idea from the Western pharmacies such as (Pharm Plus) and (Medicine Shop), which have high marketing capacities.

While Iraqi law does not allow the registration of more than one company or retail pharmacy in the name of a pharmacist, this obstacle could be avoided by a change of the law to something like the Canadian or UAE law in a way called (Charter). The latter allows a pharmacist, or a company run by a pharmacist to own more than one retail pharmacy ⁽¹⁾.

- 6- The use of the Dispensary Software computer system to transfer the information technology to the pharmacies. This system is the basic and primary program for the keeping of patients' files. The fixing of prices of drugs and other relevant information for the patient. The companies qualified to enter this field of investment should be specialist computer companies, such as the Canadian company *Nexxus*, the European company,

compulsory process for those who graduated from Medical, Dentistry and Pharmacy schools. Whereas, the private sector getting their staff from known people and relatives mostly.

¹ . upgrading the retail sector of drug stores in Iraq need many changes to the practicing laws of Pharmacy, such changes need to be promoted by the investors in the field.(see the law of practicing the pharmacist and licensing)

Medsoft, besides Arab companies in Saudi Arabia and the UAE. These companies can enter the Iraqi market through the private sector, and talking with the MOH and the Pharmacist Union and convince them about the legality of acquiring such a computer system and the necessity of its use by the Iraqi pharmacies⁽¹⁾. All pharmacies in Iraq do not have any information and date base system for the patient, nor what the patient should know with respect to the medicine, such as the interaction of medicine, the pharma vigilante and the side-effects of medicine, and so on ...In order to avoid any complications which the patient may suffer later, the State and the Ministry of Health should be attention to the issues relating to the use of medicine ⁽¹⁾.

- 7- The adoption of a project for the transforming of the pharmacists Union ⁽¹⁾ into an organization for monitor of the law, which the Ministry of Health is performing

¹ . Pharmacist has no record of patients whom they are dispensing their medicine from such location of pharmacist. That was apply not only on the private sector, it is also the same at the public where the government having no records of patients in Iraq.

¹ . It is not obligated by the patient to have a prescription for obtaining the RX drugs. Most of RX are given to patients either by asking the pharmacist directly or by getting the paper from doctors. Regarding the Narcotic most of the drug stores avoid getting such medicine, and if they get it they have no connection to the control section for the purpose of tracking the usage of such products.

¹ . The Pharmacist Union in Iraq is the constitutional body for the licensing of the practicing of the professional Pharmacology. Whereas the Union is a body form for getting the rights of employees from employers. In the West the equivalence of the Union in Iraq is as it called the U.S.A. a Board where it takes its power from the Parliament of the specific geographical location and acting on the professional practice of the said title such as doctors, dentist, pharmacist, accountant....etc.

it at this time, as is in the case in many institutions operating in this field in the developed world. All those Quality Control organization are registered as a non-profit organizations monitoring the scientific aspects of the pharmacology, under different names such as the (College of Pharmacists) which is the authority that license the pharmacists and their pharmacy, so far as the scientific and professional aspects are concerned. Other countries give different names to such authorities, like the (Board). This type of investment activity is better to be done by a one friendly country which have such organizing capacities, like Sweden, Canada, and the USA, where there is more than one law dealing in this matter.

- 8- The pharmacology law in Iraq should be a Federal law, specialist companies can closely cooperate with the Iraqi legal authorities in this context ⁽¹⁾. The investing companies which can appreciate the logistical and legal situations in Iraq, should start this project. The investment opportunities mentioned earlier, which is hoped would open the way for the big international companies to move into this important direction of lucrative investment.

The followings are the important aspects in the way of regulation of the legalization which are worthwhile mentioning:

¹ . Iraq is a country moving toward confederation where each Provinces turn into a State having its own budget and Parliament beside other Health laws of Health Providers.

- As mentioned earlier, a country, like Sweden , Canada, Malaysia, Thailand, the UAE, and Saudi Arabia should undertake the project. This undertaking may take the form of an approach by the investing company to one of those countries with a view of convincing it of its capacity to implement the project, and request that its authorities for financial support for the project. The investing company should provide assurances to that particular State that its companies would also benefit from the project ⁽¹⁾).
- WHO or the World Banks should undertake the project, entrusting the implementation to international companies. This option is different from the first one, in that it is more specialized being carried out by the international establishments rather than a country.
- Financial support should be provided by the donors to Iraq, such as the European Union USDF, CARE, or other American organizations to the company wishing to implement the project.
- One of the multinational pharmaceutical companies, which is friendly to Iraq and is concerned about the health care services in the country such as Pfizer, GSK, Julphar, Novartis, Bayer or Novo Nordsk, can implement the project ⁽¹⁾).

¹ . The outcome benefits for the investing companies will be reflecting on the trade of Health Industry with that specific country

¹ . The MNC companies usually helping the developing countries from

- The company wishing to implement the project, can negotiate with the Iraqi government and the MOH, directly, the question of financing the project by one of them , pressure can be put on them by the executive authority.
- The project can be offered, on the basis of mutual benefit, to a neighboring State of Iraq, in return for a certain offers from the companies of that State. For example, the building of a hospital in Iraq could be entrusted to a French , Turkish, Saudi Arabian, UEA, or Malaysian company, on the understanding that the State should develop the professional capacity of the pharmacists (Union) or the Medical Association and provide them with a relevant technology and expertise ⁽¹⁾.

The options mentioned above are applicable not only to the pharmacists' Union, but also apply to the Medical and Dentists Association, Lab employees Union, the X- rays workers, and other medical- related professions, which offer services to the Iraqi citizen and which need regulatory measures to bring it to international standards in the field of Health ⁽¹⁾.

They are also applicable to all efforts regarding legislation and the building of health institutions, be they in the public or private sectors, such as the quality control institutions and so

certain budget and expert which is part of their duty as of health awareness project

¹ . This project is carried out in many third world countries

¹ . All Health providers in Iraq having no Quality Control independent laws, all practicing of the professionalism are subject for inspection by MOH which is out of the standard of the International criteria.

the medicine control labs of the MOH. These matters will be dealt with , in detail, later on this work.

3. The development of the warehousing system in the Ministry of Health .

The drugs procurement

Iraq lacked the drug procurement means, generally, before 2003, and the existing system was based neither on a scientific basis, nor on the economic value, which are followed all over the world. This procurement system prior to 2003 was not based on professional grounds, and had the following features:

- a- The procurement was done for one year of Iraq's need, in view of the annual budgetary system under Iraqi law ⁽¹⁾.
- b- The assessment of Iraq's needs of health care products and medical supplies was done by a department called “ the Assessment of Needs Department”, which calculated the needs of all the health care establishments in Iraq. This department was not part of Kemadya, and the least that can be said about its assessment is that it was arbitrary and unsystematic ⁽¹⁾.

¹ . Spending the Budget been granted by the Ministry of Finance has to be done on yearly base, otherwise money will send back at the end of the year if not spend. That means it is hard to plan for strategic projects of 5 years or so. That system was inherited from the previous regime where whole system is depending on the consumable ideology.

¹ . The assessment department is collecting all information by manual

- c- The Assessment of Needs Department submits its annual report to Kemadya, established 1968 to buy all the health care products and medical supplies for Iraq ⁽¹⁾.
- d- Kemadya keeps whatever it buy for a year or more, in its warehouses, which has no standardization to meet the international criteria ⁽¹⁾).
- e- The operation of conveying the supplies by the supplying companies to Kimadya's warehouses are wasteful of money and time, and rather complicated.
- f- The required shipments of drugs and medical supplies are then dispatched by road by Kemadya, to the health care centers, according to their requests to the Assessment of Needs Department ⁽¹⁾).

The situation has not changed since 2003, but some changes have been introduced, especially the government contracting law. This law is not compatible with the special features of the medical drugs and medical supplies, and other products imported by the MOH, but has been imposed on the health care institutions.

means, in the same time it does the assessment for the next 2 years where the changing of technology and procurement is not considered.

¹ . The same old system is effective where the State or Kimadia performing all what it necessary steps for getting the goods by their own employees.

¹ . The Storages of Kimadia having no safety, insurance and tracking systems.

¹ . Which has been placed the order 2 years ago.

This law has created considerable obstacles in the process of providing the drugs needed for patients, and is not suitable for the contractual activities of the MOH, because of the nature of the medicine and medical supplies.

The following are the other Iraqi laws that prevent the entry of the well-known international pharmaceutical companies from entering the Iraqi market:

- ❖ The law for registration of supplying companies whether as producers, agents, or representatives ⁽¹⁾.
- ❖ According to law No. (4), 1998, no company can market its products in Iraq, except through the Scientific Bureau, which is the only body for the marketing of products in Iraq ⁽¹⁾.
- ❖ The company wishing to operate in Iraq has to register its products, and has to obtain an exclusive license for distribution involving complicated operations ⁽¹⁾.
- ❖ Kemadya's practice is to procure products through bidding by advertisements in the press and websites, and wait for the offer, instead of searching for the best products through scientific and economic data ⁽¹⁾.
- ❖ The process of selection of an offer is very complicated, in that the offer have to be received, opened and submitted to three steps, consultative, technical, and

¹ . Registration of the Company and the products is the responsibility of the Technical Affairs Office at the MOH.

¹ . The such law need to be cancelled and replaced with a normal commercial representation.

¹ . Specific product should be marketed through one company only, such company either a manufacturer or agent.

¹ . A giant company like Kimadia suppose to have an expert in purchasing of products such as drugs and equipments that they need.

import committees. All these processes are done manually, though some old computer systems are used, e.g, Words and Excel.

- ❖ The process of choosing a company and the opening of LC with the Iraqi Commercial Bank are rather complicated and unrealistic.
- ❖ The request for performance guarantees and others imposed by Kemadya on the supplying companies cause problems for those companies.

Attention is drawn to the following consequences of the actual procurement situation:

- ☒ The absence of the big international companies in the participation in the supply of health care products and medical supplies in Iraq, and the participation of unknown companies in the bidding competition.
- ☒ The submitted prices are higher in other parts of the world, because of these costly measures.
- ☒ There is a big loss of money arising from the storing of medicines and medical supplies worth of millions of dollars, instead of depositing such funds at banks, with an interest rate of 5% annually.
- ☒ The stored medicines and medical supplies are exposed to natural disasters, such as heat, cold, and rain, as well as bad storage, with the resulting deterioration and the change in the chemical structure of the products.
- ☒ No insurance policies are taken out for the millions of dollars worth of medicines and medical supplies in those warehouses which are exposed to the risk of

theft and for fire. In such cases there will be a great loss for the government, and it is believed that some such events had taken place.

- ☒ There is no inventory control computer system in those warehouses, hospitals, and health care centers, and the use of a manual system of counting. In addition, there is no storage system, with respect to the receipt of products, their transport, and arrangement.
- ☒ There is an accumulation of expired products, leading to disputes with supplying companies.
- ☒ The destruction of expired products is carried out under unhealthy conditions, and Kemadya is not itself authorized to do that.
- ☒ The change of justification for the need for any product, such as the change of drugs for the treatment of patients, or the change in the use of materials for lab equipment and so on, lead to a great loss for the country.
- ☒ There are other problems, such as the receipt of one product and distribution of another thefts, disappearance of products and so on, resulting in the loss of money for the state
- ☒ The time element is very important for medical sector.

What is being suggested is not a new innovation or discovery, but a system followed almost all over the world. I have never seen any procurement system as inefficient and as expensive as the Iraqi system.

If we count the cost of each product reaching Iraq, in terms of drugs or medical supplies, and added to the costs of the workers and officials, electricity and water, the furniture, the land on which the warehouse is built, the depreciation and the transport, then we will find that the cost of each product or service is much higher than the international price of that product. The following are some observations relating to the proposed replacement system:

- MOH should seek known professional competence in the international procurement methods and their development as the first step for changing its system, admitting that under the circumstances the central procurement system is necessary. There are international advisors or consultants all over the world, whose principal talent is their ability to find the best product at the lowest price, from various origins and various companies in the world ⁽¹⁾.
- Kemadya should issue invitations to international companies, directly or through advertisement and should urge them to participate in its bids, and offering procedural facilities to them ⁽¹⁾.
- The conditions of contracts and their provisions should be amended, in order to avoid the reference of

¹ . Law of procurement has to be re writing again, otherwise all the exchange of the commodity of health products may be transfer to the private giant international companies. Such project has to be submitted by companies working in the field to the Cabinet.

¹ . International companies mostly avoid dealing directly with any governmental entity such as Kimadia, instead they all deal through agencies or as it called Scientific Bureaus.

the contract to several committees, the price committee, the economic return committee, the technical and scientific consultative committee.

- Dealings should be done directly with the companies, their representatives or agents, but not exclusively through the Scientific Bureaus. These Bureaus have become a heavy burden for the buyer and supplier. This legal requirements which is laid down in Law No.(4) 1998, should neither be abolished, or made inapplicable. The economic committee within the MOH is obliged, in general, to find the best product at a lowest price for the State, therefore there is commercial necessity for the notion of exclusive agency, or its similar.
- When a company(A) is chosen in a particular bid, this means that the public sector will use the products of (A), and not other company's products. However, the choice of (A) does not mean that it will provide the best quantity of products, as is the case in Gulf States, Jordan and Saudi Arabia, but it means that either an LC will be opened for it or not (preferably not).

So far as the method of procurement is concerned, it can be done as follows:

1. Company (A) for example, provides the products to the health care centre in its own way:

- Either through the establishment of its depot, as is the case in the warehouses of companies in Jabal Ali in the UAE,
- Or through the wholesaler in the Iraqi market.
- Or through direct shipments of the quantity of the product, directly, from the country of origin to the health care centre in Iraq.

2. The followed practice followed is that the health care centers request their weekly needs of the product in question, which are met, or on a daily basis or twice a week, according to an agreement, or other arrangements. The request is made by telephone or the internet, after proper delivery means are set up by the supplying company, with no role for the employees of the Ministry of Health or its drivers in the delivery system.

3. The procedure for the delivery of products to the hospitals is that, the supplying company sends the products, in its own way, to the hospital, with three copies of the invoice, the hospital receives the products and keeps the original copy of the invoice , one copy is sent to the MOH, or Kemadya , and the third copy is kept by the supplying company.

4. A computer system should be established to link the health care centers and hospitals, such a system is easily available and is used in the supply world. Full information relating to the following items should be fed to the computer:

- The invoice number, with symbol of the received product.
- The date.
- The kind of product, its quality, and quantity.
- Expiry date.
- Batch number.

The absence of the said computer system, at the present time, does not prevent the start of the new approach, and the only difference in this context is that, under the computer system the information is transmitted electronically, whereas under the present system the information is transmitted by hand through correspondence, with the sure arrival of original invoice for the product, which is the basis of payment by Kemadya. The system will be very different if the computer program is adopted in that the health care centre or the hospital which receives the product, let us say one thousand boxes of (Interferon) medicine. Its entry into the computer will inevitably requires that centre or hospital to insert, also the information concerning the dispense of medicine to the patient(debt against credit), the number of patients, their names and addresses, and so on. Such information is essential for Kemadya and the Ministry of Health in asserting the way and the quantity of products used in its annual review, for this case the difference between the received products and those used will be considered as a debt owned by that hospital.

5. Company (A), will submit Kemadya a detailed bill, and request payment for the medicines received by the health care centers . Kemadya will then compare the information received from the supplying company with the information received from the health care institutions, using the original invoice for the reception of the products. Kemadya then will prepare a cheque in favor of the supplying company for the relevant amount of money, drawn on its account and signed by three officials, the director-general, the director of accounts and the legal advisor, or perhaps others, as previously agreed between Kemadya and the Ministry of Health . Kemadya may choose the payment through the internet and not by paper cheque if the technological developments in Iraq and Kemadya reach such a stage.

6. If the computer system is adopted. The information fed to it in the health care center which received the products will be known to the rest of the health care centers, the headquarters of the MOH, the Controller- general of the government and the Ministry of Finance. This program will provide many services, the most important of which is the awareness of the MOH of the quantity of the expiry medicines and the place where they are within two months before the expiry time, according to the information fed to the system.

7. The computer system will render Kemadya's storage system useless and will reduce many of the problems it faces in the process of storing, dispensing, airing and

other complications. Such difficulties create problems for the MOH in the performance of its functions. A very good example is the case of the shipment of Glevic, which is the supplying company claimed that it was delivered to the medicine warehouse, and submitted supporting documents. The administration of the warehouse in question, on the other hand, refused to confirm receipt of the shipment, and submitted confused information from persons who claimed that the shipment was not received. The dispute and the discussion of the claim within Kemadya last for 4 years with resulting loss of a great deal of money and time.

8. It is to be noted that Law No. (60), 1998, contains provisions concerning the question of procurement, which requires the release of the imported products should be made when the (Control of Medicine Lab) decides that the product has passed the lab's tests. This decision will determine whether or not the product is suitable for use in the country. This situation raises the question of conflict of interest, in that the Control of Medicine Lab belongs to the MOH. This step is superfluous, for according to international standards, the supplying company, itself, is required to submit the product to a specialist international lab, acceptable to both parties (the company and Iraq), for testing , in order to prove its suitability for human use. As for the Control of Medicine Lab, it verifies the certificates of the international labs, receives random samples from the health care centers in its role in following-up the

medicine or the material in question. It seems illogical to consider the capacity of the said lab to be higher than those of the big international companies and labs. No company, which respects itself and its reputation, is likely to ship unsound medicine to Iraq, as this will reflect unfavorably on its reputation not only in Iraq, but all over the world. This practice of the Control of Medicine Lab constitutes as a sort of full control over the import of medicine which is a characteristic feature of totalitarian regimes, and is not in line with the international practice in this respect.

What can be achieved by the new procurement system?

The new procurement system can be credited with the following achievements, when adopted:

- i. It has shortened the time, the efforts, and saved funds, in covering, the medicines and medical supplies needed by the citizens.
- ii. The Iraqi market will be running easily, and its measures will be transparent, thus leading to the departure of weak companies and the entry of big and reliable companies to the Iraqi market. This will help to restore the confidence of the Iraqi citizen in the state and its health institutions.
- iii. Huge sums of money can be saved through this system, which will result in spending them on big

health projects, such as the rehabilitation of existing hospitals, the establishment of specialist health care centers, and the use of scientific expertise in teaching and research.

- iv. It will be possible to follow up the imported products not only through the process of receipt ion, but also through the delivering thereof the consumer himself, or the patient. This will help to provide accurate and scientific statistics for each product and medicine and the amount of their, entering Iraq.
- v. There will be a reduction in the government routine and the size of Kemadya, besides the prospect of adding new capable persons for work and specialization.

These elements in addition to what has been mentioned earlier relating to the negative aspects of the continuity of the actual situation, which urge us to adopt an effective system for procurement in Iraq.

Upgrading the warehousing system in Iraq

The governmental laws have set that procurement of all health products are the responsibility of Kimadia, which has the right and authority and the monopoly, according to the applicable laws, to import the medicines and the medical supplies and distribute them to the public and private sectors.

Therefore, Kemadya established huge storages to keep the medicines, though they are not fit for the purpose, from the

point of view of storage system and security. These storages could hardly be considered safe for the keeping of medicines, especially those requiring special storage conditions. These storages still exist, at the present time, and run by Kemadya with huge cadres of employees, who work for the public sector only, like the institutions of the MOH. They do not meet the needs of these institutions completely, at best , perhaps they meet no more than 50% of those needs.

An attempt was made to rehabilitate these storages according to international specifications, in a project submitted by the office of advisor of MOH, which is a project of involving the international companies, such as the representatives of Agielent, which specializes in the field of storage and distribution, were contacted for the purpose of transforming Kemadya's organization into complementary structure, based on economic criteria, but it seems nothing has materialized.

The actual Iraqi situation – a present and future visions.

Iraq is a rich country and has capacities unmatched by other countries, such as Turkey, Iran, UAE, Jordan, and Saudi Arabia, which are more advanced than Iraq in the field of procurement and warehousing, let alone the Western States and the second world States. The legal framework is one of the most important reasons for the underdevelopment of the Iraqi medicines, whether it is the laws of the previous regime, or that adopted after 2003. The problems will accumulate in the process of the provision of health care services and will cause a heavy burden to all the health care institutions, unless the

procurement authorities considers, seriously and quickly this important aspect of the citizen's health.

The law relating to government contracts was drafted by a specialized team in the field of construction and not in the field of health. The difference between the two fields is huge not only in the area of procurement but also in the areas of production, use and others. Furthermore, the laws enacted in 1997 for Kemadya and its system of procurement by the previous regime are still applicable. Experience has shown the failure of both laws, e.i, the government contract law and Kemadya's law, in meeting the needs of the Iraqi citizens of medicine and medical supplies.

This state of affairs is evidence by the present health condition in Iraq, and Kemadya's ability to provide no more than 20% of the citizen's needs for medicine. This low quantity of medicine invites us to think, seriously and objectively, to take action to create a new system which may enable Iraq to develop and reach the world standards, in conveying the medicine and the medical supplies to the health care centers and to the citizen's hand.

However, we should consider the ideas and experiences of other people, before we consider the adoption of new legislation and ensure their application. One of these experiences is the notion of (Custom-made procurement company), which entails the establishment of manufacturing in Iraq, which can produce what the health sector needs, in terms of drugs and medical supplies, as is the case in Saudi Arabia , Jordan, UAE, and other neighboring countries.

The international companies in the advanced world are capable of realizing such a project in view of what they process of expertise in this field, thus the time needed for the project will be shortened and the operation will be easy and practical.

In the light of what has been said above, the big investment companies wishing to invest in Iraq will have several options and patterns for the implementation of investments projects. In this context the following suggestions may be offered for investment in the area of procurement:

- 1- A complementary project for the rehabilitation of Kemadya's warehouses, indicated below and the twenty warehouses belonging to the health care institutions in Baghdad, according to international standards. The project will cover the logistical aspects, such as the land, and transport, as well as the technical aspects represented by the provision of the warehouses with an effective storage system.(see Appendix No.3)
- 2- The purchase or the renting of those warehouses by the investing company, and the conclusion of a contract between the company and the MOH for the provision of drugs and medical supplies for the health care centers and their administration by the company.
- 3- A partnership between the investing company and Kemadya to be established, for the organization of the medical procurement for Iraq, to cover all Iraq's needs be they of the public sector or the private sector.

The above three options need an appropriate legal framework, based on the understanding of the actual government contracting law which is not impossible, from a theoretical point of view.

There appears to be no conflict between the latter law, which allows the international companies to enter into partnership projects or a limited procurement contract, and the suggestion in question. It should be pointed out that the internationals companies wishing to invest in Iraq such as Agilian company ⁽¹⁾ to consider seriously invest in this area, as it has done in Lebanon, Kuwait, or the Iraqi Kurdistan Region , or any other country whose health situation is similar to Iraq's.

If this option is taken up by an investing company then it is suggested that direct negotiations with MOH should be carried out with a view of giving it no more than 20% of the project, while the remaining 80% should belong to the investing company. Such arrangements are not incompatible with the Iraqi law which prescribes the share of Kemadya in such arrangements not to exceed 24%.

The planning for the project should be completed by the investing company, taking into account the economic return from, and the technical aspects of the project. Then the project should be submitted to the office of the H.E., or to the council of administration of Kemadya, with all its details. The project will meet opposition from many of the people working in Kemadya , providing mostly unjustified and unreasonable excuses ,e.i, it is wrong to give such essential projects to the private sector. This is due to the prevailing circumstances of

¹ . This company is one of the well know working in the field of logistic in the world

Iraq, at the present time, where procurement depends on the government official.

Since this option would lead to the dispensing with the service of a large number of government officials, there would be great deal of political pressure on the parliament and the political parties not to accept the project. The main role for the acceptance of such essential projects, is generally, the accurate assessment and continuous push for their adoption.

Chapter 11

Laboratories

The laboratories have a special position and imaging in Iraq, which is based on the unrealistic understanding of the concept of Health referred to the beginning of this study. This concept looks at the Medicine in its surgical character and operations, rather than its actual important socio-economic point of view, where everybody is equal, and according to their specialization, in the provision of medical services.⁽¹⁾ For example the statistician participates in the provision of those services and so do the nurse, the medical assistant, the labs

¹ . The Social concept of the term of "Doctor" is the one who does the surgical operation and complicated treatments. Other specialties are not having the same image between the public such as Lab doctors, Anesthesiologists, x-ray doctors and so on.

employee, the dentist, the surgeon and so on. Therefore, the role of the lab in the strengthening of the health care and the provision of its services, has lost the respect of what it deserves. The same applies to other medical disciplines such as dentistry, family health, nursing, and other which play a part in the creation of a complementary health care services for the citizen. ⁽¹⁾

The reason for this neglect of the lab services has led that most patients go to the private sector for lab services, because of lack of confidence in the results of the tests carried out by the government labs, even when they are correct ⁽¹⁾. This has led to a great loss of funds of the MOH, because the patients who come to the government labs for tests do not collect the results, and go instead to the private sector, while the officials of ministry had to do those tests. Because those tests are free of charge, the citizen does not appreciate their role and the significance of the service rendered.

The Iraqi citizen knowing that these tests are done gratuitously does not hesitate to carry out lab tests in the government hospitals far more than needed medically, through these is more than one reason why the citizen does not collect the results of those tests.

The situation in Iraq, at the present time, is that the more the private sector is involved in the provision of lab services, the more the neglect increases in the labs of public sector, which is

¹ . MOH having almost 500 labs which all of them are located either inside hospitals or PHC.

¹ . Great percentage of Lab results are not picking up by the patients, it may represent more than 25% of the cases arriving to a specific location. People are not trusting the results where they prefer to do it again at the private labs.

a parallel formula. Moreover, most of doctors and technicians who work in labs, do so in the morning in the government labs, and in the afternoon in the private sector labs. Thus, it is more advantageous financially for them to divert the services towards the private sector, which is obvious.

In the light of this situation, the MOH declared 2010 as the year of labs. Some limited projects for the development of the labs have been implemented, but the challenge and the great obstacles facing the responsible health workers are considerable, in this important field of the citizen's health. These hurdles are created by the adoption of an old system for the provision of health services in Iraq, as well as the absence of federal health care system, rather than the technical aspects. It is to be noted that most of the lab tests at the public sector labs are done manually, except in a few big labs where equipment are used for testing. However generally, all labs belonging to public sector in Iraq do not have the relevant technology.

There are no less than three thousand labs all over Iraqi's health care institutions, in hospitals, PHC, and specialist health care centers, as well as labs at emergency health care centers attached to hospitals. In the other hand, the responsibility for the public sector labs is numerous within the MOH, and is divided between the technical department, the public health department, the Medical Operation Department ⁽¹⁾, and the Forensic department ⁽¹⁾. This state of affairs leads to a

¹ . Medical Operational Department is one of a directorate at the MOH, responsible for all emergency centers, blood banking and also Emergency labs.

¹ . It called an Institute of Legal Medicine, officially attached to the Minister's Office.

divergence in the decisions relating to the scientific and administrative matters concerning the public sector labs.

There are great opportunities in Iraq for the investing companies, in both the area of the public and private sectors labs, but equally, there are considerable challenges in the practical application.

The following scenario may be offered in this context, to the international companies wishing to invest in Iraq. In this scenario, there may be a mixture of the public and private sectors in a more professional and service way, which reflects on the economic and administrative fields. The scenarios is as follows:

1- The comprehensive labs project:

These are labs which offer two types of services, namely. The Labradorean and the imaging. In such labs, the diagnosis is done in one visit by the patient to a centre, without the need for the patient to go from one special unit to another one, in different place, and this is now the international approach.

This type of lab has almost all the branches of labs and genetic diagnosis, with the advantage of these labs being linked through the photographic internet with international centers, which participate in the precise diagnosis process.

The lab should be situated according to the number living in a particular governorate, for example, a giant lab should be built in Baghdad governorate to serve some 7 million inhabitants, perhaps one lab for both

(Kurkuk) and (Saladeen) governorate, and other lab for Hilla governorate, Najaf, Karbala, Almuthanna, Alnasriya, Alimara, and Al Basra.

The labs will be distributed according to the number of inhabitants. However, it is also possible to establish one lab to cover the needs of the whole Iraq, or to establish three labs to the same end, one in the north , one in the middle and one in the south, where tests are shipped twice a day, in the morning and evening, and the results are sent electronically at the same day or the following day to the health care center in question.

This way, the role of all the labs in hospitals and health care centers would be reduced to collect samples, keeping at the same time some equipment for emergencies, such as measuring blood-gases, sodium, potassium, and so on .

It may be asked, which companies are interested in investing in such a project....? The answer is to the effect that international companies, with the right expertise in the field of labs, such as Canadian Med-Chem Lab, Greece Biomedicine, Egyptian Abraj company, or the Turkish company Acibadem, can be interested in investing in the project.

Any such company, when considering entering the Iraqi market, should take into account the size of work as well as the logistical situation in the country, e.i, the transport, the infra- structure of electronic transmission, and other element. As regards, companies which produce medical equipment, such as Roche and Abbott

(¹), their role will be secondary, in that they can sell or rent equipment to the implementing company.

On the other hand, there is nothing to prevent those giant companies from entering into competition for the project, in cooperation with their agents in the area.

In the light of the above, the investing company should be prepared to take the following actions:

- A. The building of the lab, including the construction and the provision of equipment, which should cost, as an example a lab for Kerkouk Province cost \$100 million as a general estimate.
- B. A long term contract, perhaps between 5 to 10 years should be concluded between the investing company and the MOH. The contract should contain an understanding by the company to provide health care services to the patients of the Ministry for an agreed fees for services, and the sums due should transferred electronically, through an invoice system, or another system.
- C. The company will be responsible for all the quality control issues.
- D. The company will be responsible for all matters relating to the qualifications of its personnel.
- E. The company should undertake to train Iraqi cadres, in accordance with an agreed schedule, taking into

¹ . Abbott is the pioneer company starting investment in Lab business with the Public sector where they invest in Hematology and Biochemistry technology

consideration the employment reference of the working force. the private sector.

- F. There should be an agreement between the company and the Ministry of Health concerning the ownership of the lab, at the end of the contract. It would be better if the company owns the project at the end of the contract.
- G. It is possible to implement the project in two stages, the first will consist of the provision of the lab equipment, while the second will consist of the provision of the diagnosis and imaging equipment.

H.

- I. The company undertakes to establish a complementary system for the transmission of data to the health care center.
- J. The company should be given the right to provide the same services to.

2- Governorates' labs project

This type of lab will belong to the governorate itself, and is intended to meet its need for medical tests. This is the difference between this type of lab and the one mentioned above. A contract should be concluded between the company and the governorate concerned, either through the health department of the governorate or through the governorate council. However, the project should be financed by the governorate's council, but not by the MOH. The reason is that

each governorate council has its own special budget, for this sort of activity, especially in the field of health.

The role of the central Ministry will be limited to the regulatory area and the appointment of officials and so on ... This lab can also provide services to the private sector after working hours, i.e, after 3 p.m.⁽¹⁾

3-The present labs.

There are nearly three thousand labs all over Iraq, which belong to the MOH, and are run in a very complicated and lousy way according to the prevailing situation before 2003. In that situation, the State had full control over the medical procurement from the center.

In the option under consideration, there will be a large opportunity for investors in the health care field and the provision of the important and advanced lab services.

This project will not be in conflict with the procurement system of the MOH, nor with the law governing government contracts, it will be based on the undertaking of the investing company to provide the hospitals' lab, with all it needs in terms of building and furniture, equipment, liquids, training, and quality control. This can be achieved by the concluding of a contract with the investing company, which prepared to do all that has been just mentioned, and be paid on the basis of one test or one lab service (FFS).

This proposition will enable the investing company to be partnership with the public sector, and will also enable the lab

¹ . Most of governorates in Iraq consider the health issue is the priority, thus they will be happy to adopt this kind of projects

to provide the best services. The contracts will be concluded in this context between the MOH and the offices of the representatives of the big companies in Iraq.

This is likely to result in the improvement of standards of performance and training of those offices, besides raising the sense of responsibility in the partnership and performance.

4. Specialized Labs:

The investment in this area is essential and important, especially by the giant companies with the expertise in the precision specialties and tests fields, the most important of which are the cancer test, the infertility test and the genetic test and other special tests.

It is difficult to establish such labs, at the present time in Iraq, for many reasons, the most important of which is the very complicated contractual procedures for this kind of projects which depends on experience and training, but not the non-availability of material resources.

The investing company wishing to work in Iraq has to keep the following important factors in mind:

- a- The investing company should begin its work with the concept joining with international labs, or university research centers. Then Iraq has to undertake a long term program, which begins with the establishment of the center and the gradual training of Iraqi cadres for that purpose if the lab is to belong to the public sector. But the matter will be much easier if the lab is to belong to the private sector, in that it will be possible to start with a

full center, according to the wish of the investing company.

Samples which need to be sent abroad or to the headquarters of the company, can be sent much more easily within the private sector domain. If the public sector is involved in this process, then there will be a procedure to follow and a lot government routine to go through.

- b- The investing company should conclude a contract for ten years if the center belongs to the MOH. If, on the other hand, the center belongs to the private sector, it will attract all the lab tests within its specialization, with the possibility of concluding a contract with the State, on the basis of a price per test (FFS). The companies best qualified to enter this field of investment are Turkish, Malaysian, and Indian companies. American and European companies are hesitated about investing in Iraq, because of the security situation. However, if they consider investing in Iraq, there are ample opportunities for them, provided that they able to compete with other companies.

So far as the legal procedures are concerned, the applicable law is the law of labs and their licenses, which belongs to the department of technical affairs at the MOH. It is to be noted that the number of labs belonging to the private sector may exceed ten thousand or more, most of them operate according to an old and backward system. Furthermore, there is no quality control applicable to those labs, nor is there international recognition of their competence. Nor are there special

requirements other than those mentioned earlier, imposed by the MOH on such labs.

On the other hand, the technicians working in those labs are local people and are not highly qualified, because the owners of those labs try to reduce the cost by employing such staff. It should be pointed out that the labs of the private sector, very often works in the afternoon, after the closure of the government offices and the return of the technicians to their homes for lunch , then they go to work in those labs.

The investment in the private sector's labs offers an excellent opportunity for investment in this field in Iraq, because of the considerable demand for testing and the lack of precision in the quality of tests. The other reason is that the Iraq citizen does not have much confidence in the labs of the public sector. While some Arab companies have opened branches of their labs in Iraq, particularly in Baghdad.

The opportunity to invest in this sector remains very high which can be put as follows:

- 1- The opening of a big lab to meet the needs of all medical tests in Iraq, first. Then centers for the collection of samples can be established in each medical centers throughout Iraq, the collection taking place twice a day, one before noon and the other at night before closing. These samples will then be sent to the big centre in the capital city or outside it. The samples from very far away areas such as Basrah and Sulaymaniya, can be transported by aircraft as is the case of the labs in Canada.

2- The opening of several central labs instead of one, for the whole of Iraq. Therefore it is possible to have two labs for Baghdad and a lab for the Middle (Euphrates), covering Krabala, Hilla, Najaf, and Diwaniya, and a fourth lab in Muthanna, covering Kout, Muthanna, and Nasriya, and a fifth lab for Basrah. And a sixth one can be opened in north of Baghdad in Samarra, covering Salahdine and perhaps Kirkouk, and a seventh lab can be opened covering Erbil, and Sulaymaniya, and another one can be opened covering Al Mousul, and Dhok.

These labs should operate on the system mentioned above, namely, the collection of samples from the various medical centers in the governorate and send then electronically to the specialist lab in the governorate.

- 3- The opening of one lab in each governorate, and the establishment of three centers in Baghdad, Basrah, and Mosul, whose tasks will be to carry out important and difficult tests, such as Genetic tests, Pathology tests, and DNA tests and other test.
- 4- The establishment of a central lab for Iraq, which will cover all the needs of the public and private sectors, which should carry out Laboratory and Imaging tests like the (Media Lab in Erbil). Such a lab will be one of the most important and advanced lab in the region.

All those labs constitute investment projects, which are covered by the Iraq Investment Law. 2006, with all the

facilities provided under it by the State, e.g, land , exemption from taxation for 10 years, protection of the capital and soon. There is also the possibility of an Iraqi partner in the projects in certain percentage though the management of the project should remain in the hands of the investing company. As for the cost of the lab for each governorate, it should not exceed \$5 million for each lab, including the building and equipment.

The producing companies, such as Abbott, Roche, Simens, Bechman- Coulter, Randox, and Olympus...could be approached with a view to hiring equipment from them, on a long-term basis (Leasing). The size of the investment and the return from, in the field of labs in Iraq, may exceed 50%.

5- Investment in the manufacturing of labs reagents and accessories.

- a- This area could cover the reagents which could be bottled in Iraq and supplies needed by labs, such as alcohol, tubes for blood collection, and all that is relevant to the procurement for labs. This is a good investment and a practical proposition, which could be implemented in the southern governorates of Iraq, such as Amarah, Najaf or Hilla and the investment capital required therefore should not , perhaps, exceed \$5 million as a first step. Cooperation with companies producing fluids, such as Abbott, or Chinese companies known in the market, would be preferable.

- b- It is also possible to invest in the industrialization of disposables, such as syringes, in partnership with a specialist company labs such as Belgian BD, UAE companies, Egyptians companies, or Canadian companies. The cost of one line could be no more than \$3 million.
- c- Investment in a factory for the production of vacutainer tubes for the withdrawal of blood, which can be established in any part of Iraq, perhaps the west or the south of Iraq are preferable for this type of investment. Such a factory will provide Iraq with all the needs of labs of this type of technology. It is also possible to have a factory under license from one of the giant international companies, such as BD, or another Indian company, Chinese company, Malaysian one, or even an Arab company too, to meet the needs of Iraq, which amount more than 100 million units annually.
- d- Investment in the quality control of labs, and the issue of certificate by them , which is an important project. However, this project requires cooperation with the MOH, in order to adopt a law on the quality control issue, which is applicable to all labs in Iraq, be they in the public or private sectors. The British companies Randox and PCS , are probably the best companies operating in this field, using the UAE company (HQI), as an intermediary in the matter. The cost of the investment is quite high and may reach \$100 million.

- e- The training and the grant of practice certificates to lab workers in their specialties, is another area of investment in Iraq. This can only be done through the establishment of an institute, with the agreement of the Iraqi Ministry of Higher Education which organize technical training courses and issues certificates known as “ Certified Lab Technician.” For this purpose, the MOH should adopt a practice law which is not difficult, as it is in line with the Ministry’s projects. There are many companies in the world capable of establishing training lab workers and granting them certificates, some are a Western company and some Arabs and Chinese.
- f- A company could be established for the maintenance, repair, and regulating lab equipment. The labs in Iraq will conclude annual contracts with the company to carry out the work needed for the maintenance, repair, and regulating their equipment. This company could also represent the international companies, whose branches operate in Iraq, should its work expand considerably.
- g- The establishment of companies for the provision of consultation in the field of medical labs. It could carry out economic studies, and feasibility studies in the labs sector, and any other relevant area. This company is important for Iraq, at the present time, and could cooperate with the international companies working in this sector, and encourage them to open branches for them in Iraq.

h- The establishment of a company for the collection and recycling of labs wastes. This could be part of a bigger company for the medical wastes which is very important to Iraq at the present time because of the absence of this type of technology.

Arab and Western companies such as the Italian company CISA Group, Bondtech, or the Turkish company Metan, or others which are working in Iraq, could be interested in investing in this field.

6. Blood Banking and separation of components:

There is, at the present time, a central lab, which operates as a blood bank, and is located at the Medical City in Baghdad. There are also other blood banks in the governorates. Blood donations are collected by blood banks, which carry out the necessary operations for the transfer of the blood and separate its components. Blood banking is linked to the (Directorate of special operations), which is part of the MOH and is located at the building of the Ministry. The blood collection process operate manually and in an undeveloped manner, compared with the technical international standards in this field of medical technology.

After 2003, the coalition forces tried to provide the Iraqi blood banks with advanced equipment from one or two companies, but the attempt failed because of the problem of those equipment and the absence of maintenance, experience, and lack of supplies from Kimadya.

The decision with respect to the supplies depends on the need, which is determined at first, by the health institutions, after the selection of equipment, the reagent, or the medicine. For example, to choose a reagents for Haemonetics machine for the separation of the blood cells, the decision has to be made by the technical committees in the MOH, or perhaps by the national commission for the selection of medicines. this process takes a very long time , and a special procedure for submission to the national commission, either by the producing company itself, or by the relevant technical committees. And thus, the equipment provided by the coalition forces, and other equipment, were left aside because of the position of the MOH and the law on government contracts. For that reason, a lot of those equipment, which were delivered to blood banks, faced huge problems in restoring them to service, and a lot of them were not used for the reason just mentioned.

The public sector, i.e, the government have the control over the investment in blood banks, according to Iraqi law, at the present time. There is no law now, which permits the private sector to work in this field.

There is a lot of potential for investment in the blood banks of the government, the best of which is the provision of complete services, such as:

- Renovation of blood banks, buildings and their furniture.
- The provision of the necessary equipment for the withdrawal of blood, its classification, its components, its diagnosis, and treatment.

- Training of lab staff
- And maintenance of equipment and the supply of spare parts, and other relevant items.

In the light of this, the MOH will reach an agreement with selected company that took part in the bidding, and undertake on the base (Fee For the Service) (FFS). The possibility for investment in this context is the competition among, perhaps five companies, four of which operate in Iraq, at the present time namely, Terumo -Caridian (Japanese), Haemonetics (German), Fresenius (German) , and Abott (US). There are other companies, which specialize in the field of blood banks, which can also enter the competition.

The idea here is that the first two companies can cooperate in some areas of the competition, while the third company has perhaps a limited experience in Iraq in this field. though each company can compete in its own specialty. As regards the fourth company, its area of expertise lays in the diagnosis side and not in the cell- separation operations.

In the light of this, the second idea entails the undertaking of each of these companies to operate within its field of specialization, with fixed prices for each of the services offered to the public in Iraq.

There are many technologies in the field of blood banks, which have not yet entered Iraq, such as clean up the blood from germs and fat accumulation, then returning it to the body of the patient, and so on. There are ample opportunities for blood-

collection in Iraq, during the frequent religious occasions, as well as the Iraqi people's spirit of sacrifice. The cost of investment in this field is a bit less than the cost of investment in the lab diagnosis tests, mentioned earlier.

Iraq could build a good manufacturing system in the blood products, such as Gama Globulin, Factors 7, 8 and 9and other products which depend on the products of the blood collection. It is to be noted that the world suffers, at the present time, from a big shortage of those products, because of the reluctance of people to donate blood, due to the spread of disease.

There are other areas suitable for investment, which are relevant to area of blood banks, such as refrigerators for the blood banks needs, the various types of blood bags, chairs of blood collection, , equipment for the diagnosis of blood groups, and special vehicles and refrigerators for the transport of blood from one place to another etc....

7. Stem cells bank.

This is a lab where the cells taken from the in umbilical cord, at the time of the birth, are stored for the family, in case of need for a bone marrow transplant for any member of the family in the future, without the risk of rejection because of the similarity of cells. This is an important and necessary lab in the developed country.es

International companies may bring this technology to Iraq as part of their investment operations. Such companies often operate in the private sector all over the world and in some Arabic States. The concept of a Stem cell bank is not making

any progress in Iraq, because of fear, as well as the transitional stage towards a free market in Iraq. For this reason and others, it will be preferable that the core of the project for the establishment of a center for Stem cell and bone marrow, be done with the public sector. Mentioned should made in the fact that there have been several attempts in that direction, but, it would appear without success. There are also Iraqi specialist in this area, who carry out research and treat patients.

The companies eligible to work in Iraq in this area are lab-specialist companies, such as Biomedicine and Stem cell companies (European) and some big hospitals in Turkey, such as the Anadolu hospital and Acibadin hospital. There are other relevant areas to this field of investment, such as the similarity of the stem cells. The various relevant tools and materials. The same applies to the withdrawal of the bone marrow operations.

While the opportunity for the investment in the health sector in Iraq is great it needs good marketing and a creation of awareness of the importance of health among the Iraqi population , and the investing company could convince the health authorities of the benefits of the project, at both public and private sectors. The cost of building the premises for the lab and the storage for thS stem cell labs is well-known to the specialist, is not too high, but the cost will increase when the project is turned into a treatment center.

There was a limited center of the Stem cells at the Medical City in Baghdad , and the MOH is now considering the building of a big compound for the type of medical science. The announcement for the building and the relevant equipment has

been made in the form of a tender, and the project to be completed within ten years. But the most important and principal part of the project is the concept of a complementary project, including the management and procurement.

8. The Allergy lab

This is also an important and necessary project needing investment by international companies ,to enrich this sector of health care in Iraq.

All the governorates in Iraq have, at the present time, allergy centers, headed by the principal center which is part of the Kark Health department which distributes the necessary materials to those centers suffer from a serious problem, at the present time, namely, procurement and production, besides the need to keep up with the international development in this type of science.

The investing company in this field needs to prepare a national plan, to deal with the problem of classification of this work as a diagnosis lab mentioned earlier or as a diagnosis test, as some companies make a distinction between the two categories just mentioned. This sort of lab has its own characteristics and method of work. The nature of its tests and the method of production of its vaccines as other factors distinguish it from the other types of labs.

e allergy labs, in order to offer the
best services to the Iraqi citizen, should carry out the following
measures:

- a- The renovation of buildings and furniture of the labs.
- b- Provide maintenance and spare parts for the equipment of the labs.
- c- The rehabilitation of the antigen-producing lab in Jadria, Baghdad, as well as providing the materials for production in Iraq.
- d- The provision of vaccines and antigens.
- e- The training of cadres needed for the administration of the lab, and other relevant activities.

The investing company should be given a long-term contract, so that it can recover the investment capital and profit, and in this context, the competition will be concentrated on the unit price of the services rendered to the patient (FFS).

This lab would be suitable for the public sector, in that the citizen will be required to pay part of the cost of the service, as was the case before 2003. This way, the lab will not rely on financial support from the MOH totally, because it will cover its expenses from the patient's contribution.

However, if the free of charge services remain the rule, as is the case now, then it will be necessary to economize the expenses of the centre in a reasonable way. If it is not possible to proceed as described above, the investing company will have to reach an agreement with the administration of those centers, whereby it will be responsible for the complete management of the centre and the fixing of the price of the services rendered to the citizen. If, on the other hand, the investing company considers working with the private

sector, this will be rather possible, as such types of services are not available in Iraq, and such a project is essential and rewarding, from the point of view of economics and investment.

The international statistics indicate that 30% of the people of the world suffer from allergy diseases, and this percentage maybe higher in Iraq, at the present time. If the investing company takes the private sector line, then there are perhaps three centers that can be established, namely, the central labs, which can carry studies on the advanced allergy and its treatment. It is also possible to have allergy centers in each governorate, which can carry out normal and routine tests. The cost of this type of investment is high under the prevailing conditions in Iraq.

As regards the companies capable of implementing such a project, there are many, such as Acibadin and InVitro companies (Turkish) and Biomedicine company (European). The size of the investment required is high comparing with required capital for the establishment of such a center.

9. The quality control lab.

There is an exciting lab in Iraq, whose function is to test the quality of medicines entering Iraq, whether they are imported by the MOH, or by the private sector, the lab belong to office of Technical Affairs of the MOH. it is the only lab of this kind of operation in Iraq, and according to Iraqi law, it is the authority, in this respect, for all pharmaceutical products

entering Iraq. All companies operating in Iraq use this lab, therefore, there is a tremendous pressure on it, which may justify transferring it from the public sector to the private sector.

In the light of the circumstances the international companies are invited to establish a quality control lab similar to the developed one in the neighboring countries, which belong to the private sector and operate according to economic principles. The legal status of the Iraqi lab is not compatible with the independence which should be enjoyed by such a lab. The capital investment for such a lab is very high but the returns are worthwhile, as is the case in the big international labs in the private sector.

10. The Referral lab.

This lab is situated in Al Andalus Square in Baghdad and it is part of the office of the Public Health in the MOH. There are also several branches linked to it, such as the communicable diseases lab, the AIDS lab, and the Food lab. Each of these labs has its own administration, which is linked to the office of Public Health of the Ministry.

There is a lack of specialization and an absence of technology, a proper administration, regulation, and quality control, which are needed for the medical development of this area, in the referral lab and all the other lab.

This creates an excellent opportunity for investment by the international companies wishing to invest in this area in Iraq. We reiterate what has been said earlier that it is important for

such companies to take the initiative in offering the necessary solutions to develop those labs. The present administration of these labs cannot begin the development program without assistance in the development field. Some international organizations send from time to time some Iraqi lab workers to other countries to see their experience in the area of services and technology available in the labs of those countries.

The most important projects for investment, to be carried out in partnership by the investment companies and the MOH in this field are :

The development of the Referral lab, from the point of view of building, organization, technology, and training which can be done in this form of turnkey project , the international companies working in this field, such as CDC from USA, Biomereau (France), Siemens (Germany), and Roche (Swiss) as well as others .

The basis of cooperation should be an agreement between the company and the MOH, providing for the partnership between the parties, which should cover all the area necessary for the development of medical specialization. As regards the application of the agreement, it could start with following steps:

- A. The company should visit the relevant departments of health meet the responsible people in them (administrators / managers), obtain information, including possible objectives and difficulties, and submit a

complete study on the subject to the department of Public Health in the MOH.

- B. The study should consist of a full project, including the general cost of the project, with details of requirements for the development and the work of the lab.
- C. A workshop, or a professional meeting, should hold by the company in Baghdad, for the purpose of explaining to the cadres working in the health institutions, mentioned in (A) above, the importance of the project from the technical and scientific point of view with a comparison with similar labs in the Middle East.
- D. The economic and scientific advantages of the project should be given in detail.
- E. Talks should be held by the company with the MOH, their deputies, and all the concerned senior officials in the Ministry in order to explain the importance and significance of the project.
- F. The company should submit a scientific statistics relating to the quantity of tests and their cost, compared with the existing situation. Moreover, the MOH should be requested to announce the implementation of the project through the company's representative in Iraq, who should pursue the marketing and exclamatory process of the project.
- G. The company should talk with (Consultative Committee)⁽¹⁾, which belongs to the department of technical affairs about the project, its necessity, and its importance, and

¹ . Consists of group of specialists in different fields of health, this committee responsible of choosing kind of health services to the public

should obtain their preliminary acceptance of the necessity and the relevance of the project to the country.

- H. The project's file should be submitted to the department of (Needs Assessment) ⁽¹⁾ in order to indicate the quantity of tests and services required.
- I. The company should submit the dossier to Kimadya, in order to draft the announcement for the project, which it is necessary to be in conformity with the government instructions No. (1) for 2008 for the implementation of government contracts, which is done in two ways.
- J. The company should emphasize to Kimadya that the committee responsible for considering the offers should be familiar with the project and the criteria used in its assessment should be the unit price of the services, but not the price of the equipment and reagents.

The companies qualified to work in the area of the various labs, which belong to the Referral lab, are big companies, which should submit a model of a lab comparable to similar international labs, specially European and American labs.(CDC , in USA).

The company before getting involved in the project, should consult the private consultative offices, as such projects are long term ones and need continuity. These offices should submit studies based on the international needs, but not the needs of the MOH, which are not based on realistic grounds,

¹ . This department is on charge of the quantity of the health care products and other health accessories

due to the absence of precise and scientific statistics. In addition to the date provided by the MOH, the company should complete other international data relevant to the number of the population and the spread of diseases.

It is expected that the cost of the three projects mentioned above would be more than \$200 million during the first three years, covering the cost of the building, infra-structure, and equipment.

11. Forensic Technology

The Forensic medicine in Iraq is run by a department linked to the office of H. E. the Minister. The department is headed by a director, with the power of a director general in the MOH and has branches in the other Iraqi governorates, which operate in a different way.

The department is located in the Medical City in Baghdad, and given the prevailing security and social circumstances. Therefore, the Forensic medicine labs need an intellectual and scientific development, in order to meet the work requirements of this important medical field. Furthermore, there is a need for data, expertise, and communication systems from abroad, in view of the development in the field of biology and computer systems. The most important areas for investment in this field which Iraq needs, are the following:

- i. The regulatory field, which means the regulation of the legal situation and its link with the courts, in the light of

the laws in this area in the developed countries. To this end, an international company specializing in criminal and health laws is needed to build a foundation for this institution, and separate it from the MOH, then link it with another entity, such as the Ministry of Justice or the High Judicial Council.

- ii. The various labs linked to this institution should be provided with the relevant and special equipment, for example, to the poison lab, the medical evidence lab, and the Alcohol labs. The same applies to other labs, e.g, the Mass Graves lab, and the missing people lab. The company wishing to invest in this area should assess the actual needs of the Forensic lab, then submit a detailed study for the project and its joint implementation, on this basis of a turnkey project. At the moment there is a small forensic lab, has been implemented by the Swiss – Turkish company, to meet the needs of the department.
- iii. The company specialist in the information technology should assess the needs of the Forensic medicine department, and submit an feasibility study for the purpose of providing it with a computer system for genetic comparison needed for the cases referred to it, with a plan for implementation.
- iv. The rehabilitation of the forensic medicine departments in the governorates, from the point of view of building, science, and administration mentioned above, so that the investment covers almost all Iraq's governorates.

The Turkish-Swiss company has built that lab whereas Iraq needed perhaps 20 advanced labs, in view of the prevailing circumstances in the country, as well as the crimes committed by the previous regime and the discovery of collections of graves in several parts of Iraq, in addition, the rate of crime is on the increase, while the judicial performance is weak, and the government is not in full control.

These elements require Iraq to have a great capacity in the biological field relevant to the fight against criminality, and the adoption of PCR technology and other advanced relevant technologies.

The Forensic lab is supposed to carry out the scientific medical work in relation to the mass graves, which are being discovered continually whereas the Ministry of Human Rights is supposed to be responsible for the socio-political of the mass graves dilemma. However neither the MOH, nor the Ministry of Human Rights has built any of these labs, because of the government routine and lack expertise in the field of building such labs. In accordance with the Iraqi criminal law, evidence submitted to the courts have to be issued by the forensic lab in criminal cases and the law does not refer to the participation of the private sector in the provision of this service to the citizen. Furthermore, it is not clear why the government legal requirements have limited the Forensic tests to the public sector, therefore it is probable that shortly, such tests can be done by the public and private sectors.

There is a lot of pressure on the MOH to move in this direction, in view of the huge increase in the need for the professional

and technical fields in relation to the evidence submitted to the courts in criminal trials.

The size of investment and the type of work required for the establishment of a Forensic lab are similar to those labs described earlier. Furthermore the investing company should be responsible for the management of the lab, while the State buys the services from it (FFS). Thus, the investing company has to provide the following:

- 1- The building and furniture for the lab
- 2- The provision or all equipments, maintenance, and spare parts as well as all the reagents required for testing,
- 3- The training of the technical cadres so that they can work under the prevailing conditions in Iraq.
- 4- The introduction of an advanced computer to follow this technology in an effective way.

Agreement should also be reached between the company and the MOH on the prices for the tests rendered by the company.

Many companies from within and outside Iraq, such as the Iraqis company (Musayab bridge) and the Swiss – Turkish company, have the capacity to build such labs. In fact the latter has built the actual Forensic lab, while the former processes advanced technology in this field.

The investment capital for such a lab will be very high, given the prevailing complicated circumstances in Iraq. Furthermore,

the investing company should be prepared for many challenges.

12. Vaccination.

Vaccination is another area for investment in Iraq, which is needed in the field of health care. It offers an excellent opportunity for investment by any company interested in investing in Iraq, as Iraq badly needs specialists institutions in the essential health field.

There is one institution in Iraq, named the Institute of Vaccines, which belongs to the MOH and is located in Al Amiriya District in Baghdad. But it does not produce any of the vaccines needed by the country. Iraq buy, annually, huge quantities of vaccines from abroad, which are provided to the health institutions to distribute to the citizens. A large amount of money is spent by the MOH on the purchase of vaccines from multinational companies, such as Sanofi- Aventis, Pasteur, GSK, and other European companies. These companies are chosen because the responsible officials in the MOH believe, inaccurately, that the production of such materials in other countries do not meet the necessary standards to provide them to the citizens. This belief is based on the social legacy of the practice of the governments of the previous regime which still applicable after 2003.

The kind of vaccines bought by the Ministry are:

Tetera vaccine (DPT- HiB), Polio oral vaccine, BCG vaccine, Measles vaccine, Hepatitis B vaccine(adult), Hepatitis A vaccine(child), Hepatitis A vaccine (adult), Polio injection vaccine, (D-T adult) vaccine, (D-T child) vaccine, Pneumococcal vaccine, conjugated Meningococcal Tetra , Valent ACWR 135 Typhoid vaccine, Rabies vaccine (Verorab type), Yellow fever vaccine, Rabies human immunoglobulin 2 ml amp, Anti- snake venom serum, Anti-scorpion venom serum, Tetanus human immunoglobulin 250IU, Diphtheria antitoxin, Influenza vaccine, Anti-Hepatitis B virus vaccine, immunoglobulin (adult), immunoglobulin (child), Penta vaccine(DPT- Hib- Hepatitis B), AND Rota virus(Penta Valent).

The budget for the purchase of all the vaccines and materials just mentioned is huge for the Ministry's budget, particularly in view of the high prices charged by the multinational companies for such products. The projects proposed for investment in the field of vaccine production are:

- a- The development of the present cold chain center in Al Amiriya, and its maintenance, as well as the building of two more cold chain center, one in the north and the other in the south, in order to cover all the needs of Iraq from such substances. This cold chain take the form of an investment project by an international company interested in building an advanced cold chain center, in cooperation with the MOH.
- b- The conclusion of a long- term contract with the MOH , covering the early stages of the project, the first of which is the rehabilitation of the center in Al Amiriya. This

stage should be followed by the filling process, moving than to the production stage, which should insure the availability of these biological substances in Iraq.

- c- The production stage, according to a certain priority in the production of vaccines, as there are some vaccines which are difficult to produce in early stages of production.
- d- The training of Iraqi specialists cadres working in this field , and the comparison with the big international factories and institutions producing vaccines, from an investment point of view.
- e- The marketing of the products, at both ,the public and private levels and the enabling the Iraqi market to enter the investment and competition fields in this area.

The big international companies, such as GSK and Pasteur, as qualified to enter this field of investment in Iraq. It is to be noted that GSK has expressed its wish to carry out such a project in Iraq. It is also possible for other big international companies working in this field, e.g, Serum Institute of India, Novartis, Weyth and Panacea, to enter into competition for the project.

These are two ways to contracting for such a project, the first is with the public sector, and the second with the private one. The first is to contract with Kimadya, directly, through a long-term contract, perhaps for ten years in accordance with the government contractual instructions , Law No. (1), 2008.⁽¹⁾

¹ . Contracting Law and way of entering into joint project either with a

This would be the ideal way, because the center in Al Amiriya belongs legally to Kimadya, which makes it easy under the circumstances to develop the center and build what may be needed for the implementation of the project.

As for the second way, the investing company can enter into partnership with a private company, for the provision of the capital for the project which may amount to more than \$100 million. The resulting partnership will have a monopoly on the production of vaccines in Iraq, which necessitates the conclusion of an agreement with the MOH limiting its purchase of vaccines from this factory, only.

There is no reason to suppose that the Ministry would refuse to enter into such agreement , bearing in mind the legal and national consideration as well as quality and price of the products, in comparison with the products of the international companies.

Chapter 14

Investing in other Health Care products and Services

First: Medical Sterilization & Medical Waste management

There is a huge need for the medical sterilization services, which cover many aspects of health practices, therefore the investment in this area represent a concern of the MOH. The Ministry imports all its needs of materials and technology from outside Iraq, at the present time, and yet it is possible for

international companies to invest in this area in Iraq and meet the needs of the country.

The most important areas for investment in this context are:

- a. The rebuilding and rehabilitation of sterilization departments in the government hospitals, which they are not operating, at the present time, as required. Therefore, the international companies can take the initiative in submitting investment projects for the rehabilitation and re- running the building, equipment, and the tools for sterilization in the Iraqi hospitals, which number 225 hospitals.
- b. the sterilization system in the hospitals is very primitive and the post- operation secondary infections are very high, though there are no statistics in the respect. In order to rehabilitate those departments, the company concerned should visit the sites then submit a detailed study regarding the rehabilitation situation and the cost of it.
- c. The establishment of big sterilization centers in the governorates (outsources) especially large governorates, Baghdad, Basra, and Mosul, and other governorates. Where there are several hospitals. These centers can be established, in partnership, by the private sector, which is preferable, or by the MOH. An agreement with the investing company should be concluded, defining the type of partnership and the services to be provided. One

or two centers could be established in Baghdad, Mosul, Basra, and perhaps Sulaymaniyah and Najaf, or joint centers could be established for several governorates for example, one center for Al quadisiya, Hilla, and Najaf governorates. These centers will sell their services to the private hospitals or the public sector hospitals, according to their needs. The logistical side must be observed in the transport of materials from and to hospitals, and health care centers, private labs and surgeries of doctors and dentists.

- d. It is also possible to establish a factory for the production of sterilizers, in partnership between the investing company and the MOH, through Kimadya or the Medical Popular Clinics, the two companies belong to the Ministry, or the Ministry of Industries, or both on the basis of 7% for each. It is also possible for the investing company to enter into partnership with the private sector, through the National Investment Commission ⁽¹⁾ or the company alone builds the factory, at its own expenses. All these proportions are reasonable and practical, in the light of the existing Iraqi market. Moreover, the Iraqi law obliges the MOH to buy the products from the Iraqi company, whether it is a joint company with the public sector, or entirely a private sector company.

These options for the partnership between the investing company and the Iraqi side can materialize in the following manner:

¹. The committee which attached to the Cabinet of PM is the highest body in the country in the field of investment

- i. The partnership between the foreign investor and the Iraqi side should be in the capital and the investment, while the producing company should provide the know-how at stages beginning with the supplies and ending the products.
- ii. The partnership could be on the basis of the provision of the know-how, for a period of some five years, provided that the products conform to the relevant international standards and the company's reputation.
- iii. The investing company itself establishes the factory, on the basis of supplies, first, the waiting until it is possible to produce complete products, in which case, the product will be protected by the original patent of the company.
- iv. Another area for investment is the provision of services to hospitals and health care institutions only, including the sterilizing equipment, liquids for operating theatres and treatment and the grounds, and other relevant matters to sterilization. The investing company should visit the health care institutions to see what is needed, then conclude a long-term agreement with the relevant health authority, and fix the price of the services to be offered.

While this type of services is not known at the government health level, the applicable legal framework allows hospitals to use the services of service companies, or consultative companies, in this respect. It is possible to convince the administrations of health institutions of the economic return of such project.

The capital investment for such a project is considerable and may reach \$250 million. As for the production side, this will depend on the type of factory, which at best, may require a capital of \$100 million.

The management of Medical Wastes: This area of investment is neglected in Iraq, because of the absence of awareness of the importance of the protection of the environment to the health of Iraqi's citizen, as well as the absence of international obligations imposed on Iraq through its membership in the relevant international organizations. It is should be stated that there is a Ministry of Environment in Iraq, responsible for laying down rules and regulations for the protection of the environment, but the big problem is non – observance of such rules and regulations, and the absence of penalizing the polluters.

There is a department in the MOH which is responsible for dealing with the question of medical wastes. It last contract for this area was with an Italian company for the provision of a limited number of machines for cutting and sterilization. However, there is a huge problem in Iraq in this respect which requires the provision of studies by international organization for solving this growing problem, at the level of health institutions, and non- health areas, such as factories and other industrial aspects.

As far as the MOH is concerned, there are ideas and huge projects , the most important of which are:

- a) The submission of a full study for the solution of the problem of medical wastes, to the MOH, for the whole Iraq. This could take the form of building a center, or a central factory in each Iraqi governorate, for the collection and treatment of the medical wastes. The investing company should provide the following services:
 - o The provision of the capital for the project, and the conclusion of a long- term contract with the Ministry of Health for the realization of the capital and the profit, taking into account that payment should be on the basis of services rendered by the investing company.
 - o The logistical processes of the collection of wastes from hospitals and their transfer to the factory, or its re-cycling, can be undertaken by the investing company.
 - o The investing company can be undertake to provide the hospitals with suitable cadres for the collection and separation of wastes, as well as the necessary equipment, such bins and vehicles, and so on .
 - o The investing company should contact the Ministry of Environment with a view of obtaining the necessary licenses.
 - o The investing company should train Iraqi cadres, so that they can take over the project, at the end of the contract with the MOH, or

another arrangement agreed between the parties.

- The offer by the investing company of its method to get rid of the wastes, and its advice about a recycling project the future.
- b) The investing company can deal directly with the governorates about the establishment of such a factory, either in partnership with the governorate or with the private sector.
- c) The investing company, itself, undertakes to establish the whole project, in cooperation with the Iraqi National Investment Commission, which provides the necessary facilities and tax-exemption to the company.
- d) The investing company cooperates with the private sector, such as private hospitals, doctors, clinics, private labs, other institutions, factories, and universities, on the collection of medical wastes.

The size of capital for this investment project is huge and may exceed a sum of \$300 million. The investing company should consider the establishment of a complementary project for Iraq, including the health care area and other areas producing wastes, such as chemical liquids, and radiation wastes, which must be dealt with for the protection of the environment.

All the international companies are generally qualified to enter the Iraqi market, depending on the capacity of the company, from the logistical and technical point of view, some examples

of such companies are Ecudas, Steridium, AMB Ecosteryle, Bondetch Corp., Metan, Ambelgium.

Second: Health exhibitions.

The holding of international exhibitions an important area for investment, from the standpoint of the MOH. This type of investment is unprecedented in Iraq, because the concept of health at the government level was considered as a matter unrelated to the economic sector. This concept has been inherited from the previous regime. After 2003, the holding of international fairs has become an excellent opportunity for investment, at the level of both the public and private sectors. Therefore, international companies wishing to invest in Iraq may wish to offer their projects in health care, at the industrialization and services levels.

The Iraqi MOH participated in three Arab Health exhibition since 2010, which enabled Iraqi companies in the health care field to consider working with company fairs to offer their products to the MOH and the private sector. Some companies had held fairs in some Iraqi cities, such as Erbil and Basra, but with a limited attendance, due to the geographical situation and the type of the concerned company.

The opportunities for investment in holding international exhibitions, in this context, are:

- A. The chances of investment in the public sector, i.e, the MOH chances are greater than the private sector, because

the Ministry buys centrally, from the international companies either directly or through their representatives in public tenders, through authorization to certain health institutions to do so. Since international fairs are held under the aspect of the MOH there will be a good opportunity for the international companies to contact Kimadya and the Medical Popular Clinics, which could invite those companies to exhibit their products and facilities. The international companies dealing with Kimadya often do so through their representatives in Iraq. So, the attendance of a company at an international fair logically, offers the opportunity for its agent to meet Kimadya, so that they know each other.

On the other hand, the MOH or Kimadya will have a good opportunity to choose the best products, and not necessarily those habitually chosen by the Ministry. Kimadya can offer its official support to any international company wishing to hold exhibition in Iraq for the purpose of working and marketing their products in the country .

Thus offering the marketing cover for companies, so that they participate in such fairs. The best place and time for Kimadya's annual fair is the Baghdad fair, at the place and the time of its holding.

- B. International fairs can also be held at the governorate level, in cooperation with the governorate and its health department. Such an event is desirable from both entities, as well as the company wishing to sell its products to the governorates.

- C. The participation of Iraqi companies producing medicines, and Iraqi companies working as agents, or marketing agents, for international companies, in international fairs, with their exhibition area. Companies which work as marketing agents are very much sought after by the international companies to work for them in this field in Iraq. The best three international fairs in (Dubai). This respect are the Arab Health, the Hamburg fair,(Germany), and the Shanghai fair, (China).
- D. The preparation of Iraqi medical exports, such as a catalogue for Iraqi doctors and dentists, as well as the Iraqi medical commercial companies, which contains the names addresses, and field of work of companies operating in Iraq.
- E. The holding of specialist fairs, such as hospitals-building fairs, labs fairs, and medical tourism fairs, and so on , which cover matters needed by the Iraqi market.

There are many sponsored companies operating in this field, some Arab from Lebanon and Dubai and some from the Western countries, besides the RII British company, which holds the largest fairs in the Arab region, such as The Arab Health Fair , the hospitals fair, and the African fair. There are also companies specialist in the holding of fairs, such as Hong Kong Trade Development Council The Gamlica Association ABHI, Medilink Korkshire, Humber, medInexpo. There are also companies for medical literature, such as Formosa, and Pan Global Media.

The capital for investment in this area is considerable at the present time, and may reach more than the sum of \$200 million.

Third: Investment in the Trade of Second-hand Equipment.

This type of trade and investment is not known to the Iraqi society for several reasons, the most important of which are:

- A. The absence of the real understanding of the concept of “second-hand”, and the belief in its real quality.
- B. The absence of the concept of a “refurbishing”, due to the non-existence of companies doing this type of work.
- C. Lack of understanding of the reasons for the sale of second-hand equipments and its relation to the tax system.
- D. The old concept of the Iraqi society that an equipment should last forever, thus a used one often loses its usefulness.

In the Western world the trade in second-hand equipment is considered as a profitable business, particularly in the light of the taxation laws in those countries.

Companies interested in investing in this trade in Iraq should work with the private sector which is profitable, because the public sector has no law applicable to this kind of activity, though there is no legal prohibition against this trade. The companies dealing with used equipment should market this business and its benefits to the MOH and providing a sale contract, as well as contracts for maintenance, training, and

spare-part. The government side may be convinced, as long as the services provided in the two areas , is the same.

There are many benefits from buying second-hand equipment, the most important of which are the lower cost and the appropriate way of spending the resources of the country.

The areas for investment in second-hand equipment are:

- i. Capital instruments, such as, MRI, CT, X-Ray machines, Mammography machines, Cath lab, and Linac.
- ii. Lab equipment, such as Blood equipment, Chemistry and others.
- iii. Equipment for chemical analysis used in monitoring labs and others.
- iv. Hospital equipments all.
- v. Various surgery equipment all.
- vi. Ambulances.
- vii. Complete equipment for dentistry.

There are many international companies dealing in second-hand equipment all over the world, especially in the USA, because of the taxation situation, which allows deduction according to the age of the equipment. The same applies to the companies of produce medical equipment which sometimes have a section for second-hand equipment.

The size of investment in this field is rather considerable, especially if there is a programmed marketing for the equipment.

The huge private sector would be interested to do business with the companies selling second-hand equipment, especially if a maintenance contract accompanies the equipment. Buying such

equipment will save a great deal of money and efforts, particularly if the selling company if the equipment is sold for a five years period, for example, then taking it back, or re-selling it or re-buying it.

Fourth: Investment companies in Financing.

The notion of investment companies in financing is not known in Iraq, because of the economic conditions prevailing during the Socialist system applicable in the country before 2003. The area for investment in the sector of money- lending and banking facilities is very large all over the country. In order for this type of investment to materialize, there should be a partner in the operation, be it a bank or a landing agency. This is possible in Iraq, at the present time for there are many private banks all over the country, which are ready and willing to offer loans, banking facilities and so on.

A full knowledge of the Medical and Dentistry practices is required for this type of investment in Iraq.

The areas of investment in this context are:

- a) the establishment of medical centers, consisting of a building with several floors providing the various types of health care services, such as doctors and dentists surgeries, X-Ray , labs, ophthalmology, so that the patient can get any of these services on the spot, without moving from a place or district to another. The doctors and the dentists occupy some floors and the rest of the building is let to the other health care provisions. The construction of the building requires a great deal of consultation with specialists in the building of medical

centers, medical equipment, and marketing and so on. The whole operation, from the beginning to the end should be undertaken by one company, in cooperation with the bank, or the financial agency offering the loan for the project. Payment of the loan and its interest should begin, six months after the beginning of the work in installments, for 10 or 25 years, according to the agreement of the parties.

- b) Financial facilities for the building of a pharmacy should be offered by the bank or the financing agency to anyone interested in working in the private sector, the activities involved are the finding of a suitable site, the submission of an economic study, the choice of a competent architect and designers, the establishment of a computer system, and an agreement with a whole seller, and so on.

A graduate from a faculty of pharmacy will find this option very suitable, in that he or she , could get a financial loan, which will enable him or her to open a private pharmacy that will ensure his future.

- c) The dentists are in the same position as the pharmacists, in this context. Therefore what has been said under (b) above regarding the latter applies to the dentists.
- d) The labs are also in the same position, in this context, as the pharmacists and the dentists. Therefore, what has been said under (b) above applies to the labs.
- e) The other health services, such as X-ray, dentists therapist, medical glasses, natural treatment and so on, are in the same position, in this context.

Therefore, what has been under (b) above applies here.

There are two problems arising in the context of financial loans in Iraq. The first is the question of collateral mortgage, and the second is the legality of interest charged on the loan, which may be questionable, from the point of view of Islamic law. A solution for these problems may be found, which is making the bank, or the financial agency, a partner in the project, or the medical center. This solution is easy and possible under the prevailing circumstances in Iraq.

There are many companies in the field of finance and investment in Canada, USA, Europe, and the Gulf State, such as Bahrain and the UAE, who are capable of providing financial loans to such projects. The company which supplies most of the medical substances often undertakes the establishment of the financial institution or it is established by the association of whole sellers to the pharmacies, labs, and dentists.

Fifth: Investment in the chain of drug stores.

Investment in the chain of drug stores is an advanced type of investment in Iraq, and offers an excellent opportunity for work and investment, under the prevailing circumstances. The concept of this heading is that a company owns several pharmacies which should be owned by one owner, namely, a joint shares company. The pharmacies (drugstores), under the mother company, are each owned by a pharmacist, who is bonded by the rules of the joint share company.

It is equally possible that, sometimes several pharmacies are united and obtain some name for that and have the same

design, and unify their work, from the point of view of exchange and regulation. However, according to Iraqi law, pharmacies have to be owned individually, therefore it would not allow one company to own several pharmacies. However, it is possible to find a legal solution to these problems ⁽¹⁾

There are now in Iraq about 6000 pharmacies or more, all over the country which are run on an individual basis and effort ⁽¹⁾. There is no electronic records of the medicines, nor a follow up system, such as pharmacy data for each medicine or any system followed in the developed in adverse effect of the profession of pharmacology. Moreover, there is no billing system in Iraq for the recovery of funds from insurance companies, subscribers, or the government ⁽¹⁾

The areas of investment in this field are:

- a) The investment in this field should begin by the creation of a chain of pharmacies and distributing them in various places in Baghdad and throughout Iraq, according to a geographical distribution ⁽¹⁾
- b) The existing pharmacies should all be bought and turned into a chain system ⁽¹⁾.
- c) A name should be given to the chain after uniting the various pharmacies which operate on an individual

¹ . Legislatives need to work on amendment of the Law of Pharmacist Practice , Law No.

¹ . There is one or more than one pharmacy in each of the hospital as part of that particular hospital

¹ . That was apply on both private and public sectors

¹ . Distribution of the retail drug stores is not very well under the control of the Health authorities

¹ . Iraqis are like the idea of the Chain as they have seen it in the neighboring countries, but the law of the Retail are still very old and need to be amended to meet the demand of the development of the marketing ideas.

basis. However, the same owner should continue as the owner, but should follow the system laid down by the big company, which manages that pharmacy ⁽¹⁾.

d) The investing company should manage the pharmacies in the public sector, in hospitals and health care centers. The latter should abide by the system of investing company.

This type of investment project is generally, established by the large drug manufacturing companies, or the wholesale establishment, as is the case of Julphar company in the UAE, which owns a chain of pharmacies, and in the case of (Pharma Plus) and (Shopper Drug Mart) or (Medicine Shoppe) in Canada. The latter is a giant company, which controls the local market of trade in medicine, in Canada, and has begun to compete with other companies coming across the US borders, which have distributed their pharmacies in the shopping centers ⁽¹⁾.

There are many branches of this type of investment, such as,

- Courier the drugs,
- Dispensary software,
- Labeling,
- Designing,
- Advertising,
- Accounting,
- OTC,

¹ . Managing the drug store not a such an idea can be understandable, where the investing companies at the idea of the Chain need to market the idea to different levels of Health authorities.

¹ . Where people are coming for getting their food and others such as (K-mart, Sears ..etc.)

- QC, and
- Training ⁽¹⁾.

The size of the investment in this field is huge and may reach more than one billion of US \$ throughout Iraq.

Sixth: Quality control cover health care institutions.

The quality control over health care institutions in Iraq is a huge project which needs large companies for its implementation. Most of the health care institutions do not apply international standards of quality control.

MOH has established a department to follow-up the performance of the health care institutions which do not follow the international standards of quality control. But this is not right, because the monitoring agency, in this case the MOH is itself the provider of health care services. The Ministry is doing its best to improve the quality control, but it has a long way to go, unless a project on this subject is prepared by an investing company. In that case, It will be possible to amend existing Iraqi laws, in accordance with international standards.

The opportunities for investment in the quality control sector.

The following are the opportunities available, at the present time in Iraq, for this type of investment:

- a) In agreement with the MOH, it is possible to lay down criteria for quality control in the government health care institution. Then the investing company can be entrusted to create a developed computer system to

¹ . Each of these type of business is very well in need for upgrading the service of retail.

cover all areas of quality control in the various government health care institutions. This requires huge efforts and a capable communication chain and the training of medical cadres at the various levels, treatment, management, and scientific levels and others required for quality control. It may be interesting to point out that there are nearly 10 thousand health care institutions, at the present time in Iraq , which belong to the MOH which have to apply the international standards for quality control.

- b) MOH should adopt instructions authorizing the investing company to adopt its scientific assessment, as the acceptable criterion in the grant of work licenses to the health care institutions of the private sector, i.e, hospitals, labs, pharmacies, doctors clinics, and so on . the owners of these institutions should be obliged to bear the cost of the licensing renewal as well as the cost of the continuous testing of quality standards. There are perhaps more than 20 thousand private health care institutions in Iraq, distributed in the provisions of health care services and production of medical substances.
- c) There is no quality control on the public and private sector factories, which produce made products. Some of them have labs that carry out test on the quality of the products.

The companies qualified to work on the quality control area in Iraq are many, some are Arab companies and some are from

the Western countries, most of these operate in the UAE, Lebanon, and sometimes in Egypt.

Some of these companies are Cerner, Peha Med, Sclavo, Diagnostic International, Healthmetrix, and Pcs.

The size of investment in this field is somewhat high, and the opportunities are very eminent.

Seventh: Investment in hospital building.

The diagnosis and treatment of patients at government care institutions are free of charge, according to Public Health Law No.(45), 1958, in Iraq. This Law was amended by Public Law No.(89), 1981, which permitted the establishment of private hospitals, with the management council on which the MOH is represented (Art.83). It also permitted the establishment of private labs (Art.88).

There are Iraqi legislation governing the establishment of private hospitals. There are Law on the Establishment of private Hospitals N0.(25), 1984, Instructions No.(4), 1984, and Instructions N0.(3), 2001, for the Regulation of Private Hospitals. According to these legal instruments, a private hospital can be established upon the request of four Iraqi doctors still working, or retired with no less than 15 years of practice in the state medical institutions or in government offices, or at the MOH. If the request is approved, the Ministry / the Department of Health Planning and Education approaches the competent authorities for providing a suitable area, for the hospital. It should be pointed out that Law No.(2), considers a private hospital as a private company governed by the Law of

Companies No.(21), 1997. Instructions No.(4), 1984 were abolished ⁽¹⁾.

On the other hand, Decision No.(162), 1990 and Instructions No.(2). 1991 authorizes the MOH to turn the public hospitals into the private sectors for long term operation (Leasing) , for a period for 25 years, except the hospitals which are the only hospitals in the governorate center, or in another administrative unit of the governorate or municipality.

The government hospital can be rebuilt, altered, developed, or expanded by the investing company in accordance with the specifications of the MOH, in order to provide the best health care services, and at the end of the contract, all these buildings, alterations, changes and so on..will become the property of the Ministry ⁽¹⁾

Furthermore, the MOH is authorized by Decision No.(24), 1997, to transfer a number of government hospitals to self-financing hospitals to cover their expenses ⁽¹⁾.

Fees will be paid for any health care services provided by those hospitals, in To the same effect was Decision No. (132), 1999. And in 2003, the system of self-financing has been suspended, in accordance with the decision of the Coalition Provisional Authority (CPA).

¹ . All mentioned Laws can be found either at the websites of MOH, www.moh.com, or at governmental Library website: www.iraq-lg-law.org. In the same time it is also listed in a valuable book of Dr. Sami Shuuber

¹ . This Law can be enacted as the preliminary proposal to be submitted by investor to rent or Lease many of the hospitals and medical facilities.

¹ . This Law is also having a lot of advantage for the investor to be partner with the public sector on a specific project of Health services

¹ . This implication is carrying out in some hospitals in Iraq at this time

Hospital building is a very important area for investment in Iraq, at the present time, because there is perhaps the need for 100 hospitals throughout Iraq, to cover the need of Iraqi citizen, in the light of population number and the international health rules.

There are about 229 public sector hospitals, at the present time in Iraq, distributed over the governorates, in varying proportions, according to the prevailing situation before 2003. The last hospitals was built by one of the Japanese company in 1980's known as Marobinie Project.⁽¹⁾

Attempts have been made by successive governments, after 2003, to build hospitals, in order to cover the shortage of such health care services, but it can not reach its wishes, in spite of the availability of funds for that purpose. The last contract for the building of 11 hospitals in the governorates was concluded buy the MOH around 2011⁽¹⁾,and there was another contract for the building of 10 hospitals in the beginning of 2009, but they are not yet completed, in spite of the end of the period for completion in the contracts. Some companies of the latest project could not continue the work and withdraw from Iraq, such as the case of the Australian company ⁽¹⁾.

The sites of hospital in Iraq and their distribution .

The pivots of investment in the hospital.

¹ . Those hospitals at the moment are out of the date, as it was built for an emergency purpose where Iraq-Iran war was going on between 1980-1988

¹ . Non 0f them been finished yet as the project faces a lot of problems.

¹ . Which is in fact is not an Australian standard but it is an association of Arab-Iraqi personnel living in Australia to pretend to be a Western company.

a) The pivot of a full investment in project is the submission by the investing company of the full services needed for a hospital, in one package. In other words, the company should submit the following services in the proposal: ⁽¹⁾

- Consultation
- Building
- Equipment
- Maintenance for 10 years
- Full management
- Full medical team and staff for 10 years
- Training in Iraq cadres.

Furthermore the investment capital should also be provided by the investing company, while the government provides a plot of land to the company. This is a long-term partnership between the two parties , which enables the company to determine the price of each medical services offers to the government through the hospital ⁽¹⁾. That is to say, agreement should be reached on the price of the each health care service provided by the company, from treatment or diagnosis or other medical services needed by Iraqi citizen.

It is to be noted that the capital of the investment should be recollected within a period of six years, and the remaining four years will make the profit. The MOH will pay for the services provided, on a daily, monthly, or annual basis,

¹ . One of the crucial condition of building hospitals in Iraq is to consider whole project (building+management+operation+staff+quality control+maintenece+ telecommunication) as one project.

¹ . Policy of getting the profit and charges by investing companies is through (FFS) Fees for Services

from the allocated hospital budget, and according to the agreement between Ministry and the company.

The size of the investment in this area is huge and may reach the sum more than \$10 billion. It has to be born in mind that the total cost of building one hospital and other expenses may be more than \$200 million for the first five years following the completion of the building. Furthermore the size of the investment will correspond to the size of the treatment and other medical services provided by the hospital.

b) The pivot of half- investment in hospitals means that the Ministry provides the full investment capital, with the land while the investing company implements fully the project, and provides full administrative, treatment , and nursing teams, as well as the maintenance.

The expenses will be recovered from the charges for the health care services to be provided by the hospital, during the five or ten years, after completion of the building.

c) The routine building pivot is a project undertaken by an investing company for the building of a complementary hospital, according to international standards or specifications provided by MOH, and delivering it to the Ministry . The full cost is provided by the government, then managed by the Ministry's staff , as is the case in the present situation. With one condition of collateral possibility in this kind of investment relating to the maintenance of the equipment and the building.

- d) Direct dealing with the council of governorates where they can be undertaken by the investing company, without going through MOH, and offering the three options mentioned above concerning the building of hospitals, from the point of view of finance or contracting ⁽¹⁾.
- e) The pivot of dealing with the Ministry of Higher Education by the investing company regarding the building of teaching hospitals, which are needed in every medical school in Iraq, again in the light of the options mentioned above relating to the type of investment ⁽¹⁾.
- f) The pivot of building hospitals by the investing company, for the various Iraqi ministries, e.g, the Ministry of Interior or the Ministry of Foreign Affairs, for the provision of health care services for their employees and their families, or selling such services to the private sector as well. The investing company can deal with the Ministry concerned, directly, explaining the great benefits expected from this investment. Under the prevailing Iraqi conditions, this proposition should be acceptable. This proposition falls within the orbit of the first investment option mentioned above, only, according to which the investing company undertakes the full management of the hospital, and the provision medical and nursing teams, and so on. This is so

¹ . Each governorate in Iraq having special budget for doing such health project like hospitals. This budget coming from the Ministry of Finance not from MOH

¹ . Teaching hospitals at the moment is owning by the MOH, The teaching staff is hired by the Ministry of Education. As a recent project which is presented by the latest Ministry is to have its own hospitals

irrespective of whether the investment capital came from the concerned ministry or the company. The fundamental issue is that the full management should be carried out by the foreign team of the investing company. The cost of the treatment, in this case, would be deducted, either by the concerned ministry, directly, or through a health insurance scheme established by it for its employees, or it is offered freely by the state ⁽¹⁾.

- g) The pivot of religious or charitable establishment, specially trust (wakf) offices belonging to the State besides the wholly shrines in Karbala, Najaf, Al kufa, Al Kahdimiya, and Samarra , and other mosques which provide some health care services to the citizens from charitable donations ⁽¹⁾.
- h) The pivot of private institutions, which can provide health care services to the Iraqi citizen, at studied prices, at the prevailing conditions in the country. Investing foreign companies can either invest jointly with an Iraqi partner, or doing it on its own, in the building small hospitals with some 100 beds, distributed in parts of Baghdad perhaps 5 hospitals for Baghdad alone. It should emphasized that each hospital should be specialized in one medical field, such as cancer, cardiac diseases, mental diseases, and orthopedics, and so on.

¹ . Some Ministries having such facilities for their employees and families. Such project would be welcomed by other governmental bodies

¹ . Some Charitable organization such as Imam Hussain Foundation is starting such project just recently, other are in the way of building hospitals, but all of those project will be kind of giving free services.

The same applies to the governorates, with the possibility of building more than one hospital in the big governorates such as Basra.

There are good opportunities for this type of investment in the big touristic cities such as Najaf and Karbala, which receive annually millions of visitors from all over the world. The cost of this type of investment is reasonable, if the Turkish pattern of building is taken as a basis, costing nearly \$550 ,000 per bed. It should be emphasized to the investor that it is important and necessary that the services should be complementary and comprehensive, and the treating teams, as well as other services should be foreign, teams, particularly , doctors , who face great difficulties in their work , at the present time in Iraq ⁽¹⁾.

- i) The military hospitals are one of the large areas for investment in Iraq, even though the Ministry of Health is responsible for the provision of health care services for uniforms personnel such as deference, inelegancy, and others.

Things may change where the Ministries of Defense, Security, and Intelligence may own their hospitals and provide health care services to their employees and their families. Therefore, investing companies wishing to invest in Iraq should pursue these possibilities with those ministries, and begin working in this essential area of health care in Iraq.

¹ . Laws of licensing foreign doctors in Iraq is complicated which was the same draft of the one used during the previous regime. Such Law is the responsibility of Higher Education Ministry as it is on charge for such regulations.

j) Mobile hospitals is another option for investment in Iraq. It provides a practical solution to the health service shortage in hospitals, prevalent in Iraq, at the present time. This is a reasonable option, though the Iraqis are not familiar with the quality of the mobile hospitals. Therefore, It is necessary for the investing company to market this concept to the central and regional health institutions, especially to the Ministries of Defense, and Intelligence, as well as oil companies, which need to move in the performance of their work.

There are many companies able to enter this field of investment, but the companies which consider long-term investments have a better chance such as the Turkish companies Anadolus and Acibadem, the Malaysian companies, the UAE companies, and some USA companies. The European companies, on the other hand, often find it difficult adopt such investment projects, due to the difficulties in obtaining loans for the financing of such projects.

It is also possible to rely on large Arab companies, particularly the UAE and Omani companies to implement such projects because they often have scientific technical partnerships with Western companies especially American ones.

It is necessary for any company wishing to invest in this essential field in Iraq to seek the help of specialist consultative offices, which have knowledge in the various aspect of the essential work. These offices possess economic competence, which can benefit the investing companies of the subject, hence the need for a wide knowledge and a lot of work, which can be provided by those consultative offices.

Eighth: The Law Office:

What is meant under this heading is that all the dealings and arrangements between MOH and the investing companies should be done through a law office or law firm, which should be knowledgeable in Iraqi laws and in the international laws needed for the contractual arrangements between those parties. During the previous regimes, the role of the lawyer in the commercial dealings was not well appreciated by the Iraqis, and at that time, the contacts between MOH and companies dealing with health care issues was done through direct personal contact.

Many Iraqi government institutions believe that the lawyer is needed by individuals or companies only when going to courts, or in the settlement of disputes, which does not correspond to the realities.

MOH receives a large number of people every day, be it individuals or representatives of companies, who have some dealings with the Ministry. The official in the ministry may interpret the law in a wrong way, and the same applies to any other government official, hence the need for the lawyer.

Ninth: Treatment Patients outside Iraq

Some Iraqi patients need medical treatment outside Iraq, in case it is not possible for them to be treated in the country's hospitals. The matter is dealt with by the International Health Department of the MOH, which is responsible for sending Iraqi patient for treatment outside the country, especially the neighboring ones.

The procedure for that is the submission of the case of a patient to a special committee ⁽¹⁾, which decide whether or not there is a need for a treatment outside the country. If the committee decided that the patient needs to be treated outside, the International Health Department ⁽¹⁾ will search for suitable hospital prepared to treat the patients within the conditions laid down by the MOH.

A very important condition in this respect is the price of the treatment, which should comparable to the prices in the neighboring countries, such as Iran, turkey, Syria, and probably Jordan, as well as India. There are prior arrangements between the MOH and some hospitals approved by the Ministry because of their capacities and facilities for the provision of health care services.

Most of Iraqi patients are sent, at the present time to Turkish hospitals as well as Lebanon and sometimes to European countries, but in rare cases. The MOH has discontinued sending patients to India, since two years. The international companies wishing to invest in health tourism, such as hospitals, should submit some information about such hospitals, their special features, and their capacity to receive Iraqi patients from MOH ⁽¹⁾.

¹ . This committee located in Baghdad and consists of groups of medical specialists whom they decided the need of sending patients outside the country, their decision is a first step of the process where they decide the case from a professional point of view.

¹ . This department is linked to the Minister's Office directly

¹ . The competition is so high as the Medical tourism companies are looking business from Iraq where the country went through this unusual situation

The hospital must also secure accommodation for the companion of the patient, either a relative or a friend. The MOH sends a doctor, or more than one with the patients for the purpose of training at that hospital. And in order to assess the professional suitability of the hospital for the treatment of patients, the Ministry sends a committee to that hospital, and to reach agreement on the price of health care services in advance.

If it has been decided to send a patient abroad , the chosen hospital will be contracted about the patient's condition and the price of treatment, then the patient will be sent by airplane to the State of the hospital. The hospital will be responsible to secure the transfer from the airport to the hospital, as well as the treatment. At the end of the treatment it will also be responsible for repartition of the patient and its companion back to Iraq.

A reasonable number of patients is sent, monthly, to the neighboring countries for treatment, the preference is given to the countries which do not require a visa from Iraqi citizens, such as Turkey and Lebanon.

It should be stated that, given this aspect of international health, the companies or hospitals interested in this field should ensure that their prices are reasonable and comparable to prices in countries with a middle level of cost of living, such as Lebanon.

This is a big challenge for companies, which requires serious consideration before entry into competition. The size of

investment in this area is considerable, therefore the States which have health care system are more likely to enter the competition than the States which lack such a system where no limitation of price exists. Examples of States with a health care system are Turkey, Iran and India, and the countries with no health care system are Lebanon and Jordan.

There are two aspects for investment in this context:

- 1- The first aspect is the actual situation, according to which the hospitals enter competition, in the light of what has been said above, and informs the MOH, through salesmen, and the advantage of cooperation with it. The actual situation indicates the absence of the need for any competition, because the MOH cooperates with a large number of hospitals. Neither less if the Ministry is convinced of the capacities of the hospital, it will send a delegation to see the hospital and assess its capacity. If the assessment is favorable the hospital will be included in the list of hospitals to which Iraqi patients can be sent for medical treatment.
- 2- The second aspect is to the effect that the company wishing to invest in Iraq should enter into a long-term partnership with the MOH for the establishment of a medical centre in Iraq. This can be achieved either in the rent for and the rehabilitation of some unused Iraqi health care institutions, such as the (Arab Child Hospital in Karrada) ⁽¹⁾, or the building of a new centre

¹ . Located at the present time at the Green Zoon, where this was the only kids hospital in Iraqi during 1970's. The building is closed now

which can sell the health care services to the MOH and the private sector within Iraq.

An agreement should be concluded between the hospital and the Ministry for this aim, which should provide for the reception's of Iraqi patients sent by the Ministry for medical treatment abroad, exclusively in certain fields, e.g, Cardiology and Cancer. It is worth mentioning that, because of the big need for treatment abroad in the various medical areas, this type of investment is good and profitable, is likely to get larger, and will cover both the public and private sectors.

If (b) above is chosen by a company for its investment, it should consider having some support in a country near Iraq, should the case of a patient get complicated and therefore requires medical care outside Iraq. Furthermore, the company should also consider providing medical teams from outside Iraq, either from its own country, or from other countries such as India, Lebanon, etc....

A consultative office can help the company concerned, by providing the various details relating to the project. In the competition for this sort of investment in Iraq, perhaps the best companies qualified are Turkish, Lebanese, Iranian, American, Cyprus and Greek companies.

Appendix No. 1

Appendix No. 2

Total items	726	100%
Cardiovascular	58	8%
GIT	21	3%
Respiratory System	16	2%
CNS	84	12%
Antibiotic	89	12%

Gynecology	24	3%
Blood	31	4%
Nutrition	88	12%
Muscoskeletal	7	1%
Eye	21	3%
E.N.T	15	2%
Skin	17	2%
Anesthesia	42	6%
Chemotherapy	100	14%
Antidote	34	5%
Contrast &media	8	1%

